

Delivered By Electronic Mail and Original By Hand

July 27, 2012

"STRICTLY CONFIDENTIAL"

AVEOS FLEET PERFORMANCE INC.  
2311 Alfred Nobel Blvd.  
BAN 3, 4<sup>th</sup> Floor  
Montreal, QC H4S 2B6

Attention: Mr. Jonathan Solursh, Chief Restructuring Officer

**Subject: Purchase agreement for certain assets of Aveos Fleet Performance Inc.  
Component Maintenance Division**

Dear Sirs:


The undersigned (the "Purchaser") is pleased to present its offer to purchase certain of the assets of the Aveos Component Maintenance division for a purchase price of

The Purchaser's offer to purchase such assets of the Component Maintenance division is subject to the terms and conditions set forth in the purchase agreement signed by the undersigned and delivered herewith (the "Agreement"). The transaction will be completed through a Canadian corporation ("Newco") to be incorporated for such purpose or through another affiliate of the Purchaser. Unless otherwise stipulated, "Purchaser" shall refer collectively to the Purchaser, its affiliates and, as applicable, Newco, when the latter is constituted.

Schedule A attached hereto sets forth details as to the Purchaser's financial advisors and legal counsel, as well as written evidence of a firm, irrevocable commitment for financing, or other evidence of the Purchaser's ability to complete the transaction contemplated by the Agreement and other required information in accordance with the divestiture process approved by the Superior Court of Quebec, Commercial Division.

Sincerely,

AJ WALTER AVIATION LIMITED,  
on its own behalf and on behalf of  
a company to be formed

Per:   
Greg Martin, Director MRO Operations,  
duly authorized signatory

**SCHEDULE A**

**1. FINANCIAL ADVISORS AND LEGAL COUNSEL**

FINANCIAL ADVISORS	LEGAL COUNSEL
Firm: N/A Contact Person: Telephone: E-mail:	Firm: Robinson Sheppard Shapiro LLP Contact Person: Me Sharon G. Druker Telephone: (514) 393-4014 E-mail: sgdruker@rsslex.com

**2. IRREVOCABLE COMMITMENT FOR FINANCING OR OTHER EVIDENCE OF FINANCIAL ABILITY TO COMPLETE THE TRANSACTION**

Please refer to the attached documents (Letter from Bank dated 2012; AJW Report and Financial Statements for Year Ended 31 December 2011).

**3. PROPOSED TIMELINE TO RESTART OPERATIONS**

The Purchaser estimates a delay of four (4) to five (5) months from Closing to restart operations. Please refer to attached Aveos CMC Restart Schedule.

**4. ARRANGEMENTS WITH THE IAMAW REPRESENTING THE UNIONIZED EMPLOYEES OF AVEOS**

Please refer to Section 3 and Schedule 3 of the Asset Purchase Agreement.

**5. GOVERNMENT SUPPORT**

The Purchaser has received a confirmation from the *Ministère du Développement économique, de l'Innovation et de l'Exportation* (Québec) for financial assistance of , subject to certain conditions. The Purchaser has also met on several occasions with the *Fonds de solidarité FTQ* and *Investissement Québec* and both have expressed an interest in partnering with the Purchaser.

**6. AIR CANADA AND OTHER AVEOS MAJOR CUSTOMERS INVOLVEMENT**

- Up until the start of the CCAA proceedings, AJW provided rotatable component support services to Air Transat pursuant to:
  - o a Pool Access Agreement dated entered into with Aveos, in support of Aircraft (with part number supported), the minimum contract value of which was per annum, for a committed five year term; and
  - o a Lease Agreement (entered into by AJW's affiliate, AJ Walter Leasing Limited) also dated entered into with Aveos, the annual revenues in respect of which were also for a five year term.

- o AJW is looking to continue to support Air Transat's operational requirements for component maintenance and would look to expand the services it offers to Air Transat, should its bid be successful, including in conjunction with AJW's strategic partner, Delta TechOPs.
- Up until the start of the CCAA proceedings, AJW provided rotatable component support services to Canada North pursuant a Lease Agreement dated [redacted] entered into with Aveos for parts with a commercial value of [redacted]; the lease was for a three year term. AJW is currently supporting the airline with components on an ad hoc basis [redacted] since July 2011) and is looking to continue to support Canada North's operational requirements and expand its service offerings through its acquisition of the components maintenance division.
- Up until the start of the CCAA proceedings, AJW provided rotatable component support services to Volaris pursuant a Pool Agreement dated 9th February 2009 entered into with Aveos to provide pool support for up to [redacted] aircraft. The agreement had intended to run until [redacted] and the estimated annual contract value was [redacted].
- AJW is looking to continue to support Volaris' operational requirements for component maintenance and would look to expand the services it offers to Volaris, should its bid be successful.
- AJW also had an Exchange Agreement in place with Aveos (dated [redacted] and for [redacted] pursuant to which AJW provided rotatable components support on an exchange basis to support the [redacted] airline operations of Interjet from time to time and which generated [redacted] worth of turnover. Again, were its bid successful, AJW would look to expand the aircraft spares support that it has previously provided to Interjet.
- Recently AJW entered into a GTA and consignment arrangements with Air Canada for the consignment of inventory to London Heathrow Airport, Montreal and Toronto. AJW currently has [redacted] inventory on consignment in support of Air Canada's operations. AJW are also working on a long term consignment agreement to cover various consignments at Air Canada designated locations globally and AJW has recently submitted a bid to support the airline's aircraft fleets. Were its bid for the components maintenance division successful, AJW would look to expand the aircraft spares support that it provides to Air Canada.

## 7. DISCLOSURE

The Purchaser was previously a parts supplier to the Corporation.

PURCHASE AGREEMENT made as of the twenty-seventh (27<sup>th</sup>) day of July, 2012.

**BETWEEN:** **AJ WALTER AVIATION LIMITED**, a corporation governed by the laws of England and having its registered office at Partridge Green, West Sussex, United Kingdom RH13 8RA, on its own behalf and on behalf of a corporation to be formed under the Canada Business Corporations Act ("**Newco**") or another of its affiliates

(the "**Purchaser**", as further defined below);

**AND:** **AVEOS FLEET PERFORMANCE INC.**, a corporation governed by the *Canada Business Corporations Act*, having an office at 2311 Alfred Nobel, BAN 3, 4<sup>th</sup> Floor, Montréal, Québec, H4S 2B6, herein represented by Jonathan Solursh, Chief Restructuring Officer

("Aveos" or the "Corporation");

(the Purchaser and the Corporation hereinafter jointly referred to as the "**Parties**").

**RECITALS:**

**WHEREAS** the capitalized terms in these Recitals have the meaning ascribed thereto in Section 1 hereof;

**WHEREAS** on March 19, 2012, Aveos and Aero Technical US, Inc. filed a Petition for the Issuance of an Initial Order pursuant to the CCAA before the Court;

**WHEREAS** pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as Monitor of Aveos and Aero Technical US, Inc.;

**WHEREAS** on March 20, 2012, the Court issued an Order for the Appointment of a Chief Restructuring Officer;

**WHEREAS** on April 18, 2012, Aveos filed a Motion for Approval of the Divestiture Process and the procedures set forth in the DP Document;

**WHEREAS** on April 20, 2012 the Court issued the Divestiture Process Order approving the Divestiture Process described therein; and

**WHEREAS** the Purchaser is a Phase 1 Qualified Bidder and submits the present Agreement setting forth the Purchase Price and other terms and conditions for the purchase of the Purchased Assets, the whole in accordance with the terms and conditions of the Divestiture Process Order.

NOW THEREFORE, the Parties agree as follows:

1. INTERPRETATION AND DEFINITIONS

1.1 Definitions

The capitalized terms used in this document have the following meanings:

- (a) **"Agreement"** means this purchase agreement;
- (b) **"Aveos"** or the **"Corporation"** has the meaning ascribed to such term in the preamble;
- (c) **"Books and Records"** means all books and records of the Corporation, either in computer, original or photostatic form, including, without limitation, property records, plans, specifications, surveys, title policies, production records, engineering records, purchasing and sales records, customer agreements and information, personnel and payroll records, accounting records (including copies of accounts receivable and payable listings), customer and vendor lists and records;
- (d) **"Business"** means the business of the Division;
- (e) **"CCA"** means the *Companies' Creditors Arrangement Act*;
- (f) **"CCA Proceedings"** means the proceedings by Aveos before the Court under the CCA;
- (g) **"Charges"** means 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, , 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, including without limitation any encumbrance or charge created by the Initial Order, as amended, or other Orders and 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), the Quebec Land Registry, or any provincial personal property registry system, or pursuant to the Bank Act (Canada), the Trademarks Act (Canada) or any other legislation;
- (h) **"Closing"** means the completion of the Transaction pursuant to this Agreement;
- (i) **"Closing Date"** means August 28, 2012 or such other date as mutually agreed upon by the Parties;
- (j) **"Court"** means the Superior Court of Quebec, Commercial Division;

- (k) **"Data Room"** means the virtual data room established and maintained by the Corporation for the purposes of the Divestiture Process;
- (l) **"DP Document"** means the document summarizing the Divestiture Process dated April 20, 2012 and its schedules, as may be amended or supplemented from time to time;
- (m) **"Deposit"** has the meaning set out in Section 5.2 hereof;
- (n) **"Designated Employees"** means the employees or former employees identified in Schedule 3;
- (o) **"Divestiture Process"** means the process described in the DP Document and its schedules, as may be amended or supplemented from time to time;
- (p) **"Divestiture Process Order"** means the Order approving the Divestiture Process rendered on April 20, 2012 by the Court;
- (q) **"Division"** means the Component Maintenance division of Aveos;
- (r) **"Excluded Assets"** has the meaning set out in Section 2.2 hereof;
- (s) **[Intentionally deleted];**
- (t) **"Initial Order"** means the Order issued by the Court on March 19, 2012, (as amended and restated on March 30, 2012, April 5, 2012 and May 7, 2012) and as may be further amended from time to time;
- (u) **"Leased Premises"** means that portion of the premises located at 7055 Alexandre Fleming, ZIP 8055, Saint-Laurent, Quebec, H4S-2C8, which is occupied and used exclusively by the Division;
- (v) **"Material Casualty"** has the meaning set out in Section 9.3(b);
- (w) **"Minor Casualty"** has the meaning set out in Section 9.3(c);
- (x) **"Monitor"** means FTI Consulting Canada Inc. as Monitor of Aveos appointed pursuant to the Initial Order;
- (y) **"Order"** means any order rendered by the Court in the CCAA Proceedings;
- (z) **"Phase 1 Qualified Bidder"** means a Potential Bidder who has submitted the Participation Documents satisfactory to Aveos;
- (aa) **"Purchase Price"** means the purchase price for the Purchased Assets as set out in Section 5.1;
- (bb) **"Purchased Assets"** has the meaning set forth in Section 2.1 hereof;

- (cc) **"Purchaser"** shall refer collectively to the Purchaser as identified above and, as the context requires, Newco (when Newco is constituted) or another one of its affiliates, upon the assignment of the Agreement to Newco or such affiliate, as applicable, in accordance with and subject to the provisions of Section 10.10;
- (dd) **"Purchased Books and Records"** has the meaning set out in Schedule 2.1 (Section (h));
- (ee) **"Transaction"** means the transaction of purchase and sale contemplated by this Agreement; and
- (ff) **"Vesting Order"** means a final executory Order of the Court approving a sale and vesting of the Purchased Assets, free and clear of the Charges, substantially in the form attached hereto as Schedule 1.1(ff).

## 1.2 Recitals and Schedules

The above recitals and the following schedules shall form part of the Agreement:

- Schedule 1.1(ff) - Vesting Order
- Schedule 2.1 - Purchased Assets
  - Sub-schedule 2.1(c) - Acquired Movable Property Leases
- Schedule 2.2 - Excluded Assets
  - Sub-schedule 2.2(h) – Assets Claimed by Third Parties
- Schedule 3 - Designated Employees
- Schedule 5.6 - Allocation of the Purchase Price

## 2. PURCHASE AND SALE OF PURCHASED ASSETS

### 2.1 Purchased Assets

The Corporation hereby agrees to sell to the Purchaser, and the Purchaser hereby agrees to purchase, Aveos' right, title and interest in and to the assets identified in Schedule 2.1 (collectively, the **"Purchased Assets"**), free and clear of all Charges, the whole in accordance with the Vesting Order.

### 2.2 Excluded Assets

The assets set forth in Schedule 2.2 are excluded from the Purchased Assets (collectively, the **"Excluded Assets"**).

## 3. EMPLOYEES

On the Closing Date, the Purchaser will extend offers of employment to the Designated Employees, as set forth in Schedule 3.

## 4. EXCLUDED LIABILITIES

Subject to the provisions set out in Section 3 hereof and except as otherwise provided in this Agreement, the Purchaser does not assume any debt, liability or obligation of the Corporation, its affiliated companies, directors, officers, employees or agents, of any character whatsoever (whether

accrued, absolute, contingent, known or unknown, due or to become due, or otherwise), all of which are being retained by the Corporation.

## 5. PURCHASE PRICE

### 5.1 Aggregate Purchase Price

The aggregate purchase price for the Purchased Assets (the "Purchase Price") payable by the Purchaser shall be \_\_\_\_\_, as allocated among the different classes of assets outlined in Schedule 5.6 hereto.

The Parties agree that no adjustments to the Purchase Price shall be made.

### 5.2 Deposit

The Purchaser shall submit a \_\_\_\_\_ deposit (the "Deposit"), upon delivery of this Agreement, in the form of a wire transfer to *Fraser Milner Casgrain in Trust*, to be held in trust in a non-interest-bearing account in Canada with a Schedule 1 bank.

### 5.3 Refund of Deposit

The Deposit shall be returned to the Purchaser forthwith without interest and the Parties shall have no further obligation to each other in respect of this Agreement or in respect of any other matter connected to the acquisition of the Division:

- (a) If the offer contained in this Agreement is not accepted by the Corporation on or before 5:00 p.m. (Eastern Daylight Time) on July 31, 2012 or any later date subsequently agreed to by the Purchaser in writing; or
- (b) If the offer contained in this Agreement is accepted but the Transaction is not completed because any of the conditions set forth in Section 9.1 are not or cannot be satisfied on or before the Closing Date or the Transaction is not completed for any other reason outside of Purchaser's control; or
- (c) If the Purchaser terminates this Agreement in accordance with clause 9.3(b) on the occurrence of any of the events described in that clause.

### 5.4 Use of Deposit

Upon the completion of the Transaction, the Deposit will be credited against the Purchase Price.

If the offer contained in this Agreement or as amended by written agreement of Aveos and the Purchaser is accepted and the Transaction is not completed on or before the Closing Date for any reason other than the reasons included in clause 5.3(b) or (c) above, the Deposit shall be deemed forfeited by the Purchaser without prejudice to any further right or claim of the Corporation to any damages, costs or expenses payable by the Purchaser.



#### 5.5 Payment of Purchase Price

The Purchaser shall pay the balance of the Purchase Price less the Deposit by wire transfer, certified cheque or bank draft, to the Corporation, to be released in accordance with the Vesting Order.

#### 5.6 Allocation

The Purchase Price shall be allocated among the Purchased Assets, as set forth in Schedule 5.6 or as otherwise determined by the Purchaser, acting reasonably, prior to Closing. All Parties agree to file all applicable tax returns in a manner consistent with such allocations, provided that any amendments thereto shall be subject to the prior consent of both Parties, such consent not to be unreasonably withheld or unduly delayed.

#### 5.7 Taxes

The Purchaser shall be liable for and shall pay all taxes, duties or other like charges properly payable by a purchaser upon and in connection with the conveyance and transfer of the Purchased Assets by the Corporation. All required parties shall jointly execute such elections as are permitted under Section 167 of the *Excise Tax Act* (Canada) and Section 75 of *An Act respecting the Quebec Sales Tax* in the forms prescribed for such purposes, in order that the sale of the Purchased Assets shall occur, if possible, without any goods and services tax, harmonized sales tax or Quebec sales tax being payable in connection therewith. The Purchaser shall be responsible for filing such election forms with the appropriate authorities. The Purchaser hereby undertakes to indemnify the Corporation and its directors and officers, for any and all losses, claims, charges, damages, fines, penalties, assessments, costs, expenses or other liabilities suffered by the Corporation as a result of the Purchaser's failure to duly pay or remit any taxes, duties or other like charges to governmental authorities when due.

### 6. CLOSING

At Closing, each party shall execute such documents and do such things as may be reasonably required in order to convey the Purchased Assets to the Purchaser including, but not limited to, bills of sale and assignments and any transfer forms required for filing in any applicable government offices, and take such further action as may be reasonably required to more effectively complete the Transaction as provided for herein. From the date of this Agreement, the Corporation shall use all reasonable endeavours to facilitate or permit access by the Purchaser to any site at which the Purchased Assets are located to enable the Purchaser to inspect the Purchased Assets, as reasonably requested and during normal business hours.

### 7. POST-CLOSING COOPERATION

- (a) The Purchaser shall from and after the Closing Date retain all Purchased Books and Records relating to any period ending on or prior to the Closing Date for a period of seven (7) years following the Closing Date.
- (b) The Purchaser agrees to cooperate in a commercially reasonable manner with the Corporation and the Corporation's agents, representatives and auditors for the purposes of the preparation of the Corporation's accounts, tax returns and in connection with the CCAA Proceedings, and in providing all information reasonably required for legal, filing and regulatory purposes. Without limiting the generality of the

foregoing, the Purchaser shall, upon reasonable notice, provide the Corporation, its agents, representatives and auditors reasonable access during normal business hours to inspect and make copies (at the Corporation's expense) of all Purchased Books and Records and the assistance of those employees of the Purchaser that the Corporation may reasonably request; provided that the Corporation shall pay reasonable compensation to the Purchaser for the assistance of such employees.

- (c) To the extent that the Purchased Books and Records contain data and information that relate to other assets or businesses of the Corporation and that do not relate exclusively to the Business, the Purchaser agrees not to use or disclose any such portion of the Purchased Books and Records unless required to do so by any court order or by any interested regulatory body and keep same confidential.
- (d) The Corporation shall, upon reasonable notice, provide the Purchaser, its agents, representatives and auditors reasonable access during normal business hours to inspect and make copies (at the Purchaser's expense) of all Books and Records in the Corporation's possession or under its control and reasonably relevant to the Business or the Division, other than the Purchased Books and Records, and the assistance of those employees of the Corporation that the Purchaser may reasonably request; provided that the Purchaser shall pay reasonable compensation to the Corporation for the assistance of such employees.

## **8. REPRESENTATIONS AND WARRANTIES**

### **8.1 Representations and Warranties of the Purchaser**

The Purchaser represents and warrants to the Corporation that:

- (a) it is a corporation duly incorporated and organized and validly subsisting and has the corporate power and capacity to own or lease its property and to enter into this Agreement and each of the agreements, documents and instruments to be entered into by it in connection with this Agreement on the Closing Date and to perform its obligations hereunder and thereunder and is duly qualified to do business in each jurisdiction in which the Purchased Assets are located, to the extent that the nature of the Purchased Assets makes such qualification necessary;
- (b) this Agreement and each of the agreements, documents and instruments contemplated hereby has been duly authorized, executed and delivered by it and is a legal, valid and binding obligation enforceable against it in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally and except for equitable recourses which may be granted only in the discretion of a court of competent jurisdiction and no other corporate proceedings or approvals are necessary to authorize this Agreement and each of the agreements, documents and instruments contemplated hereby;
- (c) it has had an opportunity to conduct and has completed any and all required due diligence regarding the Business and the Purchased Assets; and

- (d) it (i) has relied solely upon its own independent review, investigation and/or inspection of the Business and the Purchased Assets, (ii) has reviewed and accepted in full the terms and conditions of the Divestiture Process, and (iii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Business and the Purchased Assets or the completeness of any information provided in connection with the Divestiture Process.

## **8.2 No Warranties from the Corporation**

The Purchaser acknowledges that the Purchased Assets are being acquired on an "as is, where is, at risk and perils of the Purchaser basis", without any representations or warranties, legal or otherwise, as to title, quantity, quality, certification, fitness for purpose or otherwise, save and except for those limited representations and warranties included herein. For greater certainty, the Purchaser acknowledges that no representations or warranties have been made with respect to environmental matters and confirms that it has performed such inspections or investigations as it deemed appropriate in this regard.

## **9. CONDITIONS TO THE TRANSACTION AND TERMINATION**

### **9.1 Reciprocal Conditions to the Transaction**

The obligations of the Purchaser and the Corporation with respect to the Transaction are subject to the following conditions:

- (a) the Vesting Order shall have been issued and this Agreement shall have been approved by the Court on or before August 15, 2012; and
- (b) the Corporation and the Purchaser shall each have executed and delivered the documents contemplated in Section 6 hereof and each shall have satisfied all of its obligations under this Agreement or same shall have been waived.

### **9.2 Not used.**

### **9.3 Risk of Loss**

- (a) The Purchased Assets shall be and remain at the risk of the Corporation prior to Closing. If, prior to the Closing Date, all or any part of the Purchased Assets are destroyed or damaged by fire or any other casualty or shall be appropriated, expropriated or seized by governmental or other lawful authority, the Corporation shall immediately give notice in writing thereof to the Purchaser.
- (b) If, prior to the Closing, any portion of the Purchased Assets is damaged or destroyed or is appropriated, expropriated or seized by governmental or other lawful authority, and the cost of repair or replacement (if achievable prior to the Closing Date) is greater than of the Purchase Price (a "Material Casualty"), as reasonably determined by the Purchaser and the Corporation, then the Purchaser shall have the right, by giving the Corporation written notice within five (5) business days of receipt of notification (pursuant to Section 9.3(a) hereof) of the occurrence of such Material Casualty, to terminate this Agreement, and the Deposit shall be immediately returned

to the Purchaser, the Parties hereto having no further recourse against each other resulting from such termination. If the Purchaser does not terminate this Agreement by giving notice within said time period, the Transaction shall be completed pursuant to the terms of the Agreement, and the Corporation shall assign any casualty insurance or expropriation proceeds allocable to the damaged, destroyed or expropriated Purchased Assets to the Purchaser on Closing.

- (c) If, prior to the Closing, any portion of the Purchased Assets is damaged or destroyed or is appropriated, expropriated or seized by governmental or other lawful authority and the cost of repair or replacement (if achievable prior to the Closing Date) is less than or equal to \_\_\_\_\_ of the Purchase Price (a "Minor Casualty"), as reasonably determined by the Purchaser and the Corporation, then, in such event, Purchaser shall not have the right to terminate its obligations under this Agreement, but shall receive on Closing an assignment of the insurance or expropriation proceeds allocable to the damaged, destroyed or expropriated Purchased Assets or an abatement to the Purchase Price.

## **10. GENERAL PROVISIONS**

### **10.1 Survival of Obligations, Representations and Warranties**

The obligations of the Purchaser and the Corporation contained in this Agreement, including without limitation the obligations set forth in Sections 5.7 and 7 hereof, as well as the representations and warranties of the Purchaser contained in this Agreement, shall survive the Closing and shall continue in full force and effect from the date hereof for the benefit of the other Party to this Agreement (and its legal successors and assigns).

### **10.2 Confidentiality**

Subject to the requirements of applicable law, neither Party to this Agreement nor any of its affiliates, employees, agents or other representatives shall make any news releases or any public disclosure with respect to this Agreement or the Transaction without the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the preceding sentence, the Corporation may make all such disclosures as required in connection with the Divestiture Process or the CCAA Proceedings without requiring the consent of the Purchaser.

### **10.3 Expenses**

Each party shall pay its own fees, costs and expenses in connection with the Transaction.

### **10.4 Currency**

All amounts stated herein are in U.S. dollars, except as especially provided to the contrary.

### **10.5 Counterparts**

This Agreement may be executed in any number of counterparts (including by facsimile or other electronic means), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

#### **10.6 Expiration**

The offer set forth in this Agreement is irrevocable and remains open for acceptance by the Corporation until 5:00 p.m. (Eastern Daylight Time), on July 31, 2012 or such later date agreed to in writing by the Corporation and the Purchaser in advance of such time and date.

#### **10.7 Further Assurances**

Each of the Parties shall, from time to time at the other's request and expense and without further consideration, execute and deliver such other documents and take such further action as the other may reasonably require to more effectively complete any matter provided for herein.

#### **10.8 Applicable Law; Jurisdiction**

The Agreement and all agreements contemplated hereby or collateral hereto shall be governed by and interpreted in accordance with the laws of the Province of Quebec and the federal laws of Canada applicable therein in effect from time to time. The Parties hereby agree that any legal proceedings to be taken in respect of this Agreement shall be instituted and heard before the courts having jurisdiction in the Judicial District of Montreal where the Parties hereby elect domicile. The Parties waive any objection based on venue or *forum non conveniens* with respect to any action instituted therein arising under this Agreement or in any way connected with or related or incidental to the dealings of the Parties herein in respect of this Agreement or the transactions related hereto, in each case whether now existing or hereafter arising, and whether in contract, tort, equity or otherwise, and agree that any dispute with respect to any such matters shall be heard only in the courts described above.

#### **10.9 No Modification**

This Agreement may only be modified or amended in a writing executed by all Parties hereto.

#### **10.10 Assignment**

This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. The Purchaser shall not assign its rights under this Agreement without the prior written consent of the Corporation; provided, however, that the Purchaser may assign its rights hereunder to an affiliate or subsidiary (as defined by the Canada Business Corporations Act) without obtaining the consent of the Corporation but shall remain solidarily liable with the assignee for all obligations hereunder.

#### **10.11 Notices**

All communications (including, without limitation, all notices, acceptances, consents and approvals) provided for or permitted hereunder shall be in writing, personally delivered or sent by facsimile or electronic transmission at:

(a) To the Purchaser:

AJ Walter Aviation Limited  
Partridge Green  
West Sussex RH13 8RA  
United Kingdom

**Attention: Greg Martin, Director MRO Operations**

E-mail: greg.martin@ajw-aviation.com  
Telephone Number: +44-1403 712312

with a copy to:

Robinson Sheppard Shapiro LLP  
800 Place Victoria, 46<sup>th</sup> Floor  
Montréal, QC H4Z 1H6

**Attention: Me. Sharon G. Druker**

E-mail: sgdrucker@rsslex.com  
Telephone Number: (514) 393-4014  
Fax Number: (514) 878-1865

(b) To the Corporation:

Aveos Fleet Performance Inc.  
2311 Alfred Nobel Blvd.  
BAN 3, 4<sup>th</sup> Floor,  
Montréal, Québec H4S 2B6

**Attention: Jonathan Solursh, Chief Restructuring Officer**

E-mail: jsolursh@relgrp.com  
Telephone Number: 514-856-6767  
Fax Number: 514-856-7420

with a copy to:

Fraser Milner Casgrain LLP  
1 Place Ville-Marie  
Suite 3900  
Montréal, Québec H3B 4M7

**Attention: Mr. Roger Simard**

E-mail: roger.simard@fmc-law.com  
Telephone Number: 514-878-5834  
Fax Number: 514-866-2241

Any party hereto may change its address for service from time to time by notice in the manner herein provided.

#### 10.12 English Language

The Parties confirm that it is their wish that this Agreement and any other documents delivered or given under this Agreement, including notices and proceedings, have been and will be in the English language only. *Les parties aux présentes confirment leur volonté que cette convention de même que tous les documents, y compris les avis et procédures, s'y rattachant, soient rédigés en anglais seulement.*

*[The balance of this page is intentionally left blank.]*





IN WITNESS WHEREOF this Agreement has been executed by the Parties as of the day and year first written above.

**AJ WALTER AVIATION LIMITED**, on its own behalf  
and on behalf of a corporation to be formed or  
another one of its affiliates

Per: \_\_\_\_\_  
Name:  
Title:

**AVEOS FLEET PERFORMANCE INC.**

Per: \_\_\_\_\_  
Name: Jonathan Solursh  
Title: Chief Restructuring Officer

**SCHEDULE 1.1(ff)**

**VESTING ORDER**

**SUPERIOR COURT  
(Commercial Division)**

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTRÉAL

NO: 500-11-042345-120

DATE: ●

---

**PRESIDING: THE HONOURABLE ●, J.S.C.**

---

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

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

and

**AERO TECHNICAL US, INC.**

Insolvent Debtors/Petitioners

and

**FTI CONSULTING CANADA INC.**

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

Mis en causes

---

**APPROVAL AND VESTING ORDER**  
**(Component Maintenance Division)**

---

- [1] **ON READING** Petitioners' *Motion for Sale Approval and for a Vesting Order* (the "**Motion**") pursuant to Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended the "**CCAA**") and the affidavit of [insert name and capacity of affiant], filed in support thereof;
- [2] **CONSIDERING** the [insert report number] Report to the Court submitted by the Monitor FTI Consulting Canada Inc.;
- [3] **CONSIDERING** the submissions of counsel and being advised that the interested parties were given prior notice of the presentation of the Motion;
- [4] **SEEING** the provisions of the CCAA;

**WHEREFORE, THE COURT:**

- [5] **GRANTS** the *Motion for Sale Approval and for a Vesting Order*;
- [6] **DECLARES** sufficient and valid the service and notice of the Motion on all persons and **DISPENSES** with any further requirements for service or notice thereof;
- [7] **DECLARES** 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;
- [8] **AUTHORIZES** Aveos Fleet Performance Inc. / Aveos Performance Aéronautique Inc. (hereinafter "**Aveos**") to enter into the contract entitled Purchase Agreement, as vendor, with [insert name of Purchaser], as Purchaser, a copy of which is filed in support of the Motion as Exhibit R-● (the "**Purchase Agreement**");
- [9] **AUTHORIZES** and **RATIFIES** the transaction contemplated by and between Aveos and the Purchaser, as set forth in the Purchase Agreement (the "**Transaction**");
- [10] **AUTHORIZES** the sale, transfer and conveyance of the assets pursuant to and identified in Schedule 2.1 of the Purchase Agreement (the "**Purchased Assets**");
- [11] **AUTHORIZES** Aveos to perform its obligations under the Purchase Agreement;
- [12] **AUTHORIZES** Aveos to :
  - a) to 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 Purchase Agreement and all such deeds, contracts or documents are hereby ratified, approved and confirmed; and
  - b) take steps, as are, in the opinion of Aveos, necessary or incidental to the performance of its obligations pursuant to the Transaction;
- [13] **ORDERS** and **DECLARES** 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, 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 Purchase 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, rendered by the undersigned or by any other order of this Honourable 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;
- [14] **ORDERS** and **DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after execution and delivery thereof;
- [15] **ORDERS** and **DECLARES** 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 the Purchased Assets;
- [16] **ORDERS** 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;
- [17] **DECLARES** 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 or

receiver 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;
- [18] **DECLARES** that the present Order constitutes the only authorization required by Aveos to proceed with the Transaction and, for greater certainty, **DECLARES** that the parties involved in the Transaction are exempted from requiring or obtaining any authorization that may be required from any person or authority whatsoever;
- [19] **DECLARES** 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;
- [20] **ORDERS** 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 present Order);
- [21] **ORDERS** that the Purchase Agreement, Exhibit R-●, and any related or ancillary agreements shall not be repudiated, disclaimed or otherwise compromised in these proceedings;
- [22] **ORDERS** that, pursuant to clause 7(3)(c) of the Personal Information Protection and Electronic Documents Act (Canada) and any substantially similar legislation, the Petitioners and the *Mises en Cause* are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Petitioners' records pertaining to the Petitioners' 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 the Petitioners;
- [26] **ORDERS** 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 present Order, the Purchase Agreement, and the Transaction;
- [27] **REQUESTS** 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;

- [29] **ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada;
- [29] **ORDERS** the provisional execution of the present Order, notwithstanding any appeal and without the necessity of furnishing any security;
- [30] **THE WHOLE WITHOUT COSTS.**

\_\_\_\_\_,  
●, j.s.c.

Hearing date: ●



SCHEDULE A

Superior Court of Quebec 500-11-042345-120

MONITOR'S CERTIFICATE  
(PURSUANT TO THE ORDER RENDERED BY HON. ●, J.S.C.,  
ON ●, 2012)

Pursuant to an Order of the Honourable Mark Schrager, 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 and May 4, 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 [insert description of assets sold] (the "Purchased Assets") by and between Aveos on the one hand, and [insert name of Purchaser], 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 ●, 2012.

**FTI CONSULTING CANADA INC.**  
in its capacity as Court-appointed Monitor of  
the Petitioners

---

●, DULY AUTHORIZED REPRESENTATIVE

SCHEDULE 2.1  
PURCHASED ASSETS

SCHEDULE 2.1

PURCHASED ASSETS

- (a) [Intentionally deleted];
- (b) **Machinery and Equipment** – All machinery and equipment located on the Leased Premises, as listed in the Excel spreadsheet entitled “*Component Maintenance – Equipment and Assets*” posted in the Data Room;
- (c) **Movable Property Leases** – The leases and lease agreements for movable property set forth in Sub-schedule 2.1(c), to the extent that same are assignable;
- (d) **Inventory** –The inventory located on the Leased Premises, as listed in the Excel spreadsheet entitled “*YUL Component Maintenance (Inventory-Tooling-Equipment)*” posted in the Data Room, including the inventory located at Realta;
- (e) **Permits and Licences** – The permits and licences issued to the Corporation by, *inter alia*, Transport Canada, by the Federal Aviation Agency and by U.S. Department of Transportation related to the Business, to the extent that same are assignable;
- (f) **Warranty Rights** – The full benefit and advantage of all manufacturers’, suppliers’ and contractors’ guaranties and warranties related to the Purchased Assets, pursuant to any contract between the Corporation and any third party, to the extent that same are assignable;
- (g) **Intellectual Property** – The intellectual property owned or used by the Corporation to operate the Business including all licences (such as, but without limitation, computer software licences), trade secrets, know-how, domain names, patents and patent applications, all inventions, trade names, trademarks, trademark registrations and applications, copyrights and copyright registrations, label filings, brand names, logos and applications therefore and the goodwill symbolized thereby and all business names of the Division and all variants of either thereof; and
- (h) **Purchased Books and Records** – All Books and Records pertaining exclusively to the Division (the “**Purchased Books and Records**”).

**SCHEDULE 2.1  
PURCHASED ASSETS**

**SUB-SCHEDULE 2.1(c)**

**MOVABLE PROPERTY LEASES**

1. HP Master Lease and Financing Agreement Number 105504
2. HP Schedule 105504000015
3. HP Schedule 105504000016
4. HP Schedule 105504000017
5. HP Schedule 105504000019
6. HP Schedule 105504000022
7. HP Schedule 105504000023

SCHEDULE 2.2  
EXCLUDED ASSETS

SCHEDULE 2.2

EXCLUDED ASSETS

- (a) **Deposits** – All amounts (including customer and supplier deposits and security deposits), held by third parties for the credit of the Division or by the Division for the credit of the customers of the Division as at the Closing Date;
- (b) **Prepaid Expenses** – All prepaid expenses or amounts paid in advance by the Division or for its credit prior to the Closing Date in respect of goods, services or taxes (but other than income, capital or sales taxes) yet to be received or levied;
- (c) **Accounts Receivable** – All accounts receivable, trade accounts, advances, notes receivable, claims, book debts and other debts due to or accruing to the Division pursuant to transactions entered into prior to the Closing Date and the benefit of all securities for such accounts, notes and debts;
- (d) **Tax Refunds** – The benefit of all federal, provincial, state, local and foreign income and other tax refunds or rebates earned prior to the Closing Date. Should any such amount be received by the Purchaser, it shall be received and held in trust by the Purchaser, as trustee, agent and mandatary for, and remitted forthwith to the Corporation;
- (e) **Insurance and Indemnity Claims** – Without limiting the Purchaser's rights under Section 9.3 hereof, all rights and interests in all insurance and indemnity claims relating to the Purchased Assets prior to the Closing Date (including, without limitation, all insurance proceeds paid or payable by any insurance provider for any Purchased Asset destroyed or damaged prior to the Closing Date);
- (f) **Excluded Books and Records** – All Books and Records which do not pertain exclusively to the Division;
- (g) **Cash** – All cash on hand, cheques, instruments and other bills of exchange, certificates of deposit, bank deposits, commercial paper, treasury bills or cash equivalents of the Corporation relating to the Division as at the Closing Date; and
- (h) **Property of Others** – Any assets, including without limitation equipment or inventory, owned and/or claimed by third parties, including without limitation those assets set forth in Sub-schedule 2.2(h).

SCHEDULE 2.2  
EXCLUDED ASSETS

SUB-SCHEDULE 2.2(h)

ASSETS CLAIMED BY THIRD PARTIES

1. All movable property owned by third parties and listed in the Charges registered in the Quebec Register of Personal and Movable Real Rights or otherwise identified and listed in this Sub-Schedule, including leases, rental agreements, conditional sales agreement and similar agreements.
2. All movable property owned by third parties and subject to consignment agreements, sale-resale, exchange and similar agreements.
3. All property identified as being subject to 30-day goods claims accepted by Aveos, being goods delivered in the 30 days prior to March 19, 2012, that are (i) identifiable and not fully paid for, (ii) in the same state as they were on delivery, and (iii) have not been resold or subject to an agreement for sale.

### SCHEDULE 3

#### DESIGNATED EMPLOYEES

AJW Aviation Limited has negotiated and signed a term sheet/letter of understanding with IAMAW in relation to the unionized employees.

In this term sheet, AJW indicates its intention to hire 200 unionized employees within an 18-month period.

The term sheet provides for general work rules, pay rates, benefits and pension details. It also provides for a new common work approach that will enable the business to be more flexible and responsive to the challenges which it faces.

AJW and IAMAW have engaged in productive discussions concerning the restart of the business and the necessary cooperation of all employees to achieve a rapid ramp-up.

AJW is proud to have reached such an agreement under the circumstances that creates a stable work environment to sustain the business in the long term.

AJW will hire a management force of 10 employees to begin with and provide them with compensation and benefits competitive within the Montreal market.

**SCHEDULE 5.6**

**ALLOCATION OF THE PURCHASE PRICE**

- (a) Machinery and Equipment:
- (b) Movable Property Leases:
- (c) Inventory:
- (d) Permits and Licences:
- (e) Warranty Rights:
- (f) Intellectual Property:
- (g) Purchased Books and Records:
- (h) Other Assets:



**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.**

*et al.* **Monitor**

**Me Roger P. Simard / Me Ari Y. Sorek**  **#548732-1**

---

**EXHIBIT P-1**

---



**Fraser Milner Casgrain LLP**  
1 Place Ville Marie, Suite 3900  
Montréal, Q.C., Canada H3B 4M7

MAIN 514 878 8800  
FAX 514 866 2241

BB0822