

CANADA

SUPERIOR COURT

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

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

FIFTH MOTION OF THE PETITIONERS FOR AN ORDER TO EXTEND THE STAY PERIOD
(Sections 9 and 11 of the *Companies' Creditors Arrangement Act* R.C.S. 1985 c. C-36)

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

1. On March 19, 2012, this Honourable Court issued an Initial Order (as amended on March 30, 2012, April 5, 2012, May 4, 2012 and December 14, 2012, the "**Initial Order**"), pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") in respect of Aveos Fleet Performance Inc./Aveos Performance Aéronautique Inc. and Aero Technical US, Inc. (collectively referred to as the "**Petitioners**").
2. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed as Monitor of the Petitioners (the "**Monitor**") and a stay of proceedings was ordered until April 5, 2012.

3. Pursuant to further Orders of this Court rendered on April 5, 2012, May 4, 2012, July 19, 2012 and October 24, 2012 the stay of proceedings was extended until February 1, 2013 (the "**Stay Period**").
4. For the reasons set forth herein, the Petitioners respectfully seek a further extension of the Stay Period until June 21, 2013, as set forth in the conclusions of this Fifth Motion for an Order to Extend the Stay Period (the "**Fifth Motion**").
5. Petitioners refer this Honourable Court to the Tenth Report of the Chief Restructuring Officer to the Court (the "**CRO Report**") as well as the Monitor's Twentieth Report to the Court (the "**Monitor's Report**") to be filed on or prior to the hearing of this Fifth Motion, which shall contain the Monitor's recommendations in respect of the extension requested herein, as well as a review of the cash flow forecast of the Petitioners through and including June 21, 2013.
6. Since the issuance of the Initial Order, the Petitioners have acted and continue to act in good faith and with due diligence. The Petitioners, under the direction of the Chief Restructuring Officer ("**CRO**"), endeavoured to complete and have achieved substantial success in meeting the objectives and milestones that have been set forth in the CRO's Reports to the Court, including those pertaining to the divestiture process approved by this Court (the "**Divestiture Process**").
7. Specifically and without limitation, the efforts deployed and elements accomplished by the Petitioners and the CRO since the granting of the Fourth Motion of the Petitioners to Extend the Stay Period heard on October 24, 2012 include the following:
 - a) Continuing oversight and direction of the management and operations of the business and affairs of the Petitioners;
 - b) Implementing and completing the transactions involving certain assets of the Petitioners' Engine Maintenance Centre ("**EMC**") as well as the disposition of the EMC building to Lockheed Martin Canada Inc. ("**LMC**");
 - c) Completing the agreements with Maynards Industries Ltd. for the liquidation of the EMC assets in conjunction with the transactions referenced in b) above;
 - d) Maintaining ongoing discussions and/or meetings with union representatives, government representatives, customers and creditors of the Petitioners as required;
 - e) Completing the established protocol with respect to the return of property to customers and the collection of amounts payable to Petitioners, with the limited exception of those which are subject to ongoing litigation;
 - f) Finalizing the identification and retrieval of property belonging to other third parties in the possession of Petitioners and of property belonging to Petitioners currently in

the possession of third parties as well as settling potential claims by vendors of remaining unpaid goods supplied in the thirty days preceding the Initial Order;

- g) Continuing to work on collection of the sums owed to Petitioners by customers and other parties;
 - h) Dealing with motions, examinations and ongoing litigation involving various former customers of the Petitioners and other parties;
 - i) Dealing with other Motions including the Motion relating to wage earner entitlements to be presented to the Court on February 1, 2013 and a Motion to authorize a further interim distribution to the Third Party Secured Lenders;
 - j) Working with the Third Party Secured Lenders, OSFI and the Administrator of the various Aveos employee pension plans, and their respective counsel, with respect to the wind-up of the plans and related issues including priority or deemed trust claims;
 - k) Dealing with the Canada Revenue Agency and the Agence du Revenu du Quebec with respect to their respective claims including issues relating to commodity taxes; and
 - l) Ongoing discussions and negotiations on various outstanding matters with Air Canada.
8. The CRO focused significant efforts toward the negotiation and successful implementation of the sale of the EMC division assets and building to LMC, which was ultimately completed on January 15, 2013.
9. As noted above, the CRO will file, on or before the hearing of this Fifth Motion, a Report to the Court providing more information with respect to the actions taken since the Fourth Motion including, among other things, the updated results of the Divestiture Process, the LMC transactions and other asset dispositions as well as planned activities to be carried out in the course of the next few months.
10. It is respectfully submitted that this fifth requested extension of the Stay Period until June 21, 2013 is necessary as it is anticipated that it will afford the Petitioners an adequate period of time to make material progress towards completion of the ongoing initiatives, including:
- a) Negotiating an agreement with Air Canada with respect to the amounts held in trust by the Monitor's counsel and resolution of other outstanding commercial matters;
 - b) Completing and implementing the Orders sought from this Honourable Court, if granted, with respect to a second interim distribution to the Third Party Secured

Lenders and the wage earner entitlements and assisting the parties with respect to the filing of *Wage Earner Protection Program Act* claims as applicable;

- c) Pursuing the litigation against Canadian North Inc., JetLink, Mexican CRJ and Vision Airlines for the collection of outstanding accounts receivable; and
 - d) Working to resolve outstanding income and commodity tax issues and related disputes.
11. It is submitted that continuation of these proceedings is the most efficient means of completing the ongoing initiatives as described in this Fifth Motion and the CRO Report and advancing the interests of the various stakeholders, that no creditor will suffer any undue prejudice by the extension of the Stay Period and that the extension sought is appropriate in the present circumstances.
 12. Based on the foregoing, the Petitioners pray this Honourable Court to further extend the Stay Period up to and including June 21, 2013, the whole subject to all the other terms of the Initial Order, as amended.
 13. The Petitioners respectfully submit that the notices given of the presentation of the present Fifth Motion are proper and sufficient.
 14. The present Fifth Motion is well founded both in fact and in law.

WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the Petitioners' *Fifth Motion for an Order to Extend the Stay Period*;

EXTEND the Stay Period (as defined in the Initial Order granted by this Honourable Court in this matter, as amended), until June 21, 2013, the whole subject to all the other terms of the Initial Order, as amended;

DECLARE that the notices given of the presentation of the present Motion are proper and sufficient;

ORDER the provisional execution of the Order to be rendered notwithstanding any appeal and without the necessity of furnishing any security;

THE WHOLE without costs, save and except in case of contestation.

Montréal, January 22, 2013



FRASER MILNER CASGRAIN LLP

Attorneys for the Petitioners

AFFIDAVIT

I, the undersigned, **JONATHAN SOLURSH**, Chief Restructuring Officer of the Petitioners in the present matter, domiciled, for the purposes hereof, at 7171 Côte Vertu, in the City and district of Montreal, Province of Quebec, do solemnly declare:

1. I am the Chief Restructuring Officer of the Petitioners in the present matter;
2. I have personal knowledge of all of the facts alleged in the present *Fifth Motion for an Order to Extend the Stay Period*, which are true.

AND I HAVE SIGNED:



JONATHAN SOLURSH

SOLEMNLY DECLARED before me at Montreal,
This 22nd day of January, 2013



COMMISSIONER OF OATHS FOR THE
PROVINCE OF QUÉBEC



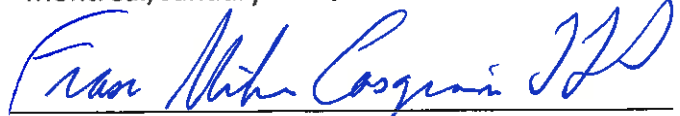
NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE that the *Fifth Motion for an Order Extending the Stay Period* will be presented before the Honourable Mark Schrager, of the Superior Court, sitting in the Commercial Division, at the Montréal Courthouse, situated at 1, Notre-Dame Street East, in a room to be determined, on February 1st, 2013 at 9:30 a.m. or so soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, January 22 2013

A handwritten signature in blue ink, appearing to read "Fraser Milner Casgrain LLP", is written over a horizontal line.

FRASER MILNER CASGRAIN LLP

Attorneys for Petitioners

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And

FTI CONSULTING CANADA INC.
Monitor

Roger P. Simard

File: 548731-1

**FIFTH MOTION OF THE PETITIONERS FOR AN ORDER
TO EXTEND THE STAY PERIOD**
**(Sections 9 and 11 of the Companies' Creditors
Arrangement Act R.C.S. 1985 c. C-36)**

ORIGINAL



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