

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

SIXTH 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, October 24, 2012 and February 1st, 2013 the stay of proceedings was extended until June 28, 2013 (the “**Stay Period**”).
4. For the reasons set forth herein, the Petitioners respectfully seek a further extension of the Stay Period until October 31, 2013, as set forth in the conclusions of this Sixth Motion for an Order to Extend the Stay Period (the “**Sixth Motion**”).
5. Petitioners refer this Honourable Court to the Eleventh Report of the Chief Restructuring Officer to the Court (the “**CRO Report**”) as well as the Monitor’s Twenty-third Report to the Court (the “**Monitor’s Report**”) to be filed on or prior to the hearing of this Sixth 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 November 1, 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 the substantial completion of the divestiture process approved by this Court.
7. Specifically and without limitation, the efforts deployed and elements accomplished by the Petitioners and the CRO since the granting of the Fifth Motion of the Petitioners to Extend the Stay Period heard on February 1, 2013 include the following:
 - a) Continuing oversight and direction of the management and operations of the business and affairs of the Petitioners;
 - b) Maintaining ongoing discussions and/or meetings with union representatives, government representatives, customers and creditors of the Petitioners as required;
 - c) Continuing to work on collection of the sums owed to Petitioners by customers and other parties;
 - d) Dealing with matters relating to the proposed Third Interim Distribution with the Canada Revenue Agency and Agence du Revenu du Québec;
 - e) Dealing with extension of the Directors and Officers liability insurance coverage and preparing to obtain the extended reporting period coverage, upon termination of the CCAA proceedings;
 - f) Dealing with motions, examinations and ongoing litigation involving various former customers of the Petitioners and other parties;

- g) Dealing with other Motions including the Motion for Approval of an Employee Claims Process to be presented to the Court on June 26, 2013, an Amended Motion to authorize a Third Interim Distribution to the Third Party Secured Lenders and a Motion for Declaratory Judgment presented by the Department of Justice on behalf of the Office of the Superintendent of Financial Institutions (“OSFI”);
 - h) Dealing with the Canada Revenue Agency and the Agence du Revenu du Quebec with respect to their respective claims and credits due to the Petitioners including issues relating to commodity taxes and ongoing audits;
 - i) Ongoing discussions and negotiations on various outstanding matters with Air Canada including the disposition of the approximately \$23.0 million being held in trust by counsel to the Monitor pursuant to the terms of the Air Canada asset retrieval agreement;
 - j) Providing information to key stakeholders in anticipation of the ultimate conclusion of the CCAA proceedings;
 - k) Dealing with post-closing matters and ongoing liaison with Lockheed Martin Canada (“LMC”), the purchaser of the Petitioners’ Engine Maintenance division; and
 - l) In general, preparing a comprehensive plan for the eventual exit from these CCAA proceedings that will maximize the return to stakeholders while not unduly prejudicing other stakeholders’ rights.
8. As noted above, the CRO will file, on or before the hearing of this Sixth Motion, a Report to the Court providing more information with respect to the actions taken since the order issued on the Fifth Motion including, among other things, the updated results of the Divestiture Process, the LMC transaction and other asset dispositions as well as planned activities to be carried out in the course of the next few months.
9. It is respectfully submitted that this sixth requested extension of the Stay Period until October 31, 2013 is necessary as it is anticipated that it will afford the Petitioners an adequate period of time to complete the ongoing initiatives to the greatest extent possible, 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 third interim distribution to the Third Party Secured Lenders and the Employee Claims Process and assisting the parties in preparation for the filing of *Wage Earner Protection Program Act* claims as applicable;
 - c) Pursuing the ongoing litigation against Canadian North Inc., JetLink, Mexican CRJ and Vision Airlines for the collection of outstanding accounts receivable;

- d) Negotiating for the return of performance bonds issued by Aveos and Export Development Canada to a former customer; and
 - e) Working to resolve outstanding income and commodity tax issues and related disputes.
10. It is submitted that continuation of these proceedings is the most efficient means of completing the ongoing initiatives as described in this Sixth 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.
 11. Based on the foregoing, the Petitioners pray this Honourable Court to further extend the Stay Period up to and including October 31, 2013, the whole subject to all the other terms of the Initial Order, as amended.
 12. The Petitioners respectfully submit that the notices given of the presentation of the present Sixth Motion are proper and sufficient.
 13. The present Sixth Motion is well founded both in fact and in law.

WHEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the Petitioners' *Sixth 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 October 31, 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, June 13, 2013



DENTONS CANADA LLP

Attorneys for the Petitioners

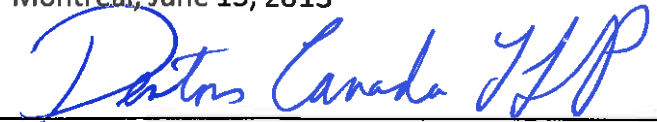
NOTICE OF PRESENTATION

TO: SERVICE LIST

TAKE NOTICE that the *Sixth Motion for an Order Extending the Stay Period* will be presented before the Honourable Mark Schragger, of the Superior Court, sitting in the Commercial Division, at the Montréal Courthouse, situated at 1, Notre-Dame Street East, **in room 16.12, on June 26, 2013 at 9:15 a.m.** or so soon thereafter as counsel may be heard.

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, June 13, 2013



DENTONS CANADA LLP

Attorneys for Petitioners

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

**SIXTH MOTION OF THE PETITIONERS FOR AN ORDER
TO EXTEND THE STAY**

(Sections 9 and 11 of the Companies' Creditors
Arrangement Act ("CCAA"))

ORIGINAL

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