

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

NO: 500-11-042345-120

DATE: MARCH 20, 2012

PRESIDING: THE HONOURABLE MARK SCHRAGER, 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 AÉRONATIQUE INC.

- and -

AERO TECHNICAL US, INC.

Petitioners

- and -

FTI CONSULTING CANADA INC.

Monitor

ORDER FOR THE APPOINTMENT OF A CHIEF RESTRUCTURING OFFICER

- [1] **ON READING** Petitioners' *Motion for the appointment of a chief restructuring officer* pursuant to the Section 11 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended the "CCAA") and the exhibits, the affidavit of Eugene I. Davis filed in support thereof, the consent of the Monitor FTI Consulting Canada Inc., relying upon the submissions of counsel and being advised that the interested parties, including secured creditors who are likely to be affected by the charges created herein, other affected parties and Air Canada were given prior notice of the presentation of the Motion;

[2] **GIVEN** the provisions of the CCAA;

WHEREFORE, THE COURT:

[3] **GRANTS** the Motion;

[4] **DECLARES** that all capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Petition for an Initial Order.

[5] **DECLARES** that the time for service of the Motion is abridged to the time actually given and service of the Motion and supporting material is good and sufficient, and this hearing is properly returnable before this Honourable Court today and further service thereof is hereby dispensed with;

[6] **DECLARES** that all capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Initial Order granted by the undersigned in the present matter and dated March 19, 2012 ("**Initial Order**");

[7] **ORDERS** that Jonathan Solursh, be and is hereby appointed as chief restructuring officer over the Petitioners (the "**CRO**") with authority to carry on, manage, operate, and supervise the management and operations of the business and affairs of the Petitioners, subject to the execution of an engagement letter (the "**Engagement Letter**") with the CRO on terms satisfactory to the Monitor and the Administration Agent for the Third Party Secured Lenders;

[8] **DECLARES** that the said CRO shall have full power to use the services of R.e.I. Group Inc. at his discretion to carry his duties as CRO and that the said R.e.I. Group Inc. shall benefit from any protection afforded to the CRO by this Order;

[9] **ORDERS** that the CRO shall have and may exercise and perform the powers, responsibilities and duties described in the Engagement Letter, not inconsistent with the following powers, responsibilities and duties and with the prior consultation of the Monitor (collectively the "**CRO Powers**");

- a) to manage the Business, affairs, and Restructuring of the Petitioners in the name of, and on behalf of, the Petitioners;
- b) take such steps as in the opinion of the CRO are necessary or appropriate to maintain control over all receipts and disbursements of the Petitioners including, without limiting the generality of the foregoing, take such steps as necessary or desirable to control and use all bank accounts of the Petitioners;
- c) ensure that Jonathan Solursh or such other persons as he designates in writing (each, a "**CRO Signing Officer**") shall become signing officers of all bank accounts of the Petitioners and the Petitioners' banks are hereby directed, when notified in writing by the CRO, to revoke any existing signing authorities and act on the instructions only of such CRO signing officers;

- d) retain and terminate the employment or remaining services contracts of employees, agents or consultants and otherwise deal with human resources and other organization issues behalf of the Petitioners or any of them;
- e) represent the Petitioners in any negotiations with any party;
- f) retain such agents and advisors, including legal counsel, that the CRO considers necessary or appropriate on whatever basis, including temporary, to assist the CRO in exercising the CRO powers;
- g) communicate with and provide information to the Monitor regarding the business and affairs of the Petitioners;
- h) such other duties or powers that the CRO may agree to in consultation with the Monitor or by order of this Court; and
- i) take all such steps and actions, enter into and execute all such agreements and documents and incur such expenses and obligations necessary or incidental to the exercise of the CRO Powers, including to obtain such insurance as the CRO may deem necessary with the prior consultation of the Monitor and the prior approval of the Third Party Secured Lenders, as are reasonably required to carry out the provisions of this Order, including in the name and on behalf of the Petitioners, as applicable;


provided that in each case such actions, agreements, expenses and obligations, shall be construed to be those of the Petitioners and not of the CRO or any of its employees, or advisors.

- [10] **ORDERS** that the Petitioners and their shareholders, direct and indirect subsidiaries, former and current officers, directors, employees, servants, agents and representatives (the "**Company Persons**") shall cooperate fully with the CRO in the exercise of his powers and the discharge of his obligations. Without limiting the generality of the foregoing, the Company Persons shall provide the CRO with such access to the Petitioners' and their direct and indirect subsidiaries' books, records, assets and premises as the CRO requires to exercise his powers and perform his obligations under this Order.
- [11] **ORDERS** that the CRO shall incur no liability or obligation as a result of his engagement or the fulfillment of his duties in the carrying out of the provisions of his engagement or as may be ordered by this Court, save and except for gross negligence or wilful misconduct on his part, and no action or other proceeding shall be commenced against the CRO as a result of or relating in any way to his engagement as CRO, the fulfillment of his duties as CRO or the carrying out of any of the orders of this Court, except with prior leave of this Court.
- [12] **ORDERS** that the Petitioners shall pay the CRO's reasonable fees and pay all of the CRO's disbursements from time to time on an interim basis subject to approval by the Monitor and to subsequent approval by the Court.
- [13] **ORDERS** that the Administration Charge shall secure the indemnities and obligations, fees and disbursements of the CRO as contained in the Engagement

Letter and in this Order. The amount of this charge is not changed by this Order.

- [14] **ORDERS** that the Petitioners shall indemnify the CRO from all claims relating to any obligations or liabilities that he may incur and which have accrued by reason of or in relation to his appointment as CRO of the Petitioners, except where such obligations or liabilities were incurred as a result of the CRO's gross negligence, willful misconduct or gross or intentional fault as further detailed in Section 11.51 of the CCAA.
- [15] **ORDERS** that the CRO of the Petitioners shall be entitled to the benefit of and is hereby granted a charge and security in the Property to the extent of the aggregate amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) (the "**CRO Charge**"), as security for the indemnity provided in the preceding paragraph, in the Engagement Letter or in this Order as it relates to obligations and liabilities that the CRO may incur in such capacity. The CRO Charge shall have the priority set out in paragraphs [44] and [45] of the Initial Order. *pari passu* with the Directors' Charge.
- [16] **ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the CRO Charge, and (b) the CRO shall only be entitled to the benefit of the CRO Charge to the extent that he does not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the CRO is entitled to be indemnified in accordance with this Order.
- [17] **ORDERS** that the CRO may be removed by order of this Court or may resign.
- [18] **ORDERS** that the appointment of the CRO and the granting of powers and responsibilities of the CRO hereunder will not constitute the sale or disposition of the Business or the sale or disposition of any of the Property and such Business and Property will continue to be the Business and Property of the Petitioners unless and until sold in whole or in part to a purchaser.
- [19] **ORDERS** that the CRO shall be subject to the supervisory jurisdiction of the Court.
- [20] **ORDERS** that the CRO may apply to this Court from time to time for advice and directions concerning his powers and duties or any other relevant matter.
- [21] **ORDERS** that none of the CRO or any of the employees or consultants of the CRO shall be deemed to be a director of any of the Petitioners.
- [22] **ORDERS** that the Petitioners shall serve, by courier, facsimile transmission, e-mail transmission, or ordinary post, a copy of this Order on all parties present at the hearing of the Motion and on all parties who received notice of this Motion or who are presently on the service list established in these proceedings, and service on any or all other parties is hereby dispensed with. Service affected as aforesaid shall be good and sufficient service.

[23] THE WHOLE WITHOUT COSTS.


HON. MARK SCHRAGER, J.S.C.

Hearing date: March 20, 2012

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