

## **MINUTES OF THE FIRST MEETING OF CREDITORS OF SKYSERVICE AIRLINES INC.**

**DATE & TIME:** Thursday, April 19, 2012 at 10:30 a.m.

**LOCATION:** Manitoba Room at the Fairmont Royal York Hotel, 100 Front Street West, Toronto Ontario

**ATTENDANCE:** Nigel Meakin (T), Heather Meredith (TC), Kelly Peters (TC), Brogan Taylor (T/S) and Daniel Magder (T/S)  
Attendance List attached as Schedule "A" (C).

T = REPRESENTATIVES OF TRUSTEE  
TC = TRUSTEE COUNSEL  
C = CREDITORS AND THEIR REPRESENTATIVES  
S = SCRUTINEERS

### **1. Chair and Call to Order**

Mr. Nigel Meakin, Senior Managing Director of FTI Consulting Canada Inc. (the "Trustee"), acted as Chair of the First Meeting of Creditors (the "Meeting"). Mr. Meakin introduced legal counsel to the Trustee, Ms. Heather Meredith and Ms. Kelly Peters. Ms. Peters was appointed the Secretary of the meeting. Messrs. Brogan Taylor and Daniel Magder were appointed as scrutineers for the meeting.

Mr. Meakin advised that FTI Consulting Canada Inc, had been appointed as trustee of the estate of Skyservice pursuant to a Bankruptcy Order dated March 29, 2012, subject to confirmation or substitution by the creditors in accordance with the provisions of the Bankruptcy and Insolvency Act.

### **2. Confirmation of the Appointment of the Trustee**

Mr. Meakin requested a resolution to confirm the appointment of FTI Consulting Canada Inc. as the Trustee. A request was made by counsel for Thomas Cook to determine who was present and the value of the claims. It was confirmed that Mr. Meakin held proxy representing 72 creditors totalling \$2.15 million in claims allowed, with a further 11 creditors with claims totalling \$● either present in person or by proxy not held by Mr. Meakin.

A motion to appoint FTI as Trustee was made by Derrick Wilson and seconded by Vernon Totesau. Ms. Katherine McEachern, representing Sunwing Tours Inc. and Sunwing Airlines Inc., abstained from voting. No creditors voted against the motion. All other creditors voted in favour of the motion. The appointment of FTI as Trustee was duly confirmed on a unanimous basis (aside from the one abstention).

### **3. Tabling of Documents**

The following documents were tabled by the Trustee:

- (a) Affidavit of Service of the Notice of the First Meeting of Creditors and Publication in Newspaper of the First Meeting of Creditors sworn April 19, 2012 (attached as Schedule B)
- (b) Bankruptcy Order dated March 29, 2012 (attached as Schedule C)
- (c) Report of the Trustee on Preliminary Administration dated April 19, 2012 (attached as Schedule D)
- (d) Statement of Affairs of Skyservice dated March 29, 2012 (attached as Schedule E)

#### **4. The Trustee's Report on its Preliminary Administration**

Copies of the Trustee's Report were provided to creditors. Creditors were provided an opportunity to read the Report and ask questions. Mr. Wilson asked a question regarding the likelihood of a distribution to unsecured creditors. Mr. Meakin responded that the likelihood of a distribution remained uncertain at this time due to a variety of factors, including the fact that there are a number of significant claims still to be determined in the receivership claims process (the "Claims Process")

Mr. Wilson asked a further question regarding what to do if a creditor did not appear on the creditors list. Mr. Meakin replied that if the creditor had filed a claim in the claims process but was inadvertently left off the creditors list, that should be brought to the trustee's attention and corrected; however, if the creditor had failed to file a claim in the claims process, that claim was extinguished unless a court order was obtained by the creditor to permit the late filing of that claim.

Mr. Meakin asked if there were any further questions but no other questions were raised.

#### **5. Appointment of the Inspectors**

Mr. Meakin explained the role of the inspector in a bankruptcy and noted that up to five individuals could be appointed as inspectors. Nominations were requested.

The following individuals were nominated as inspectors:

- (a) Dean Moore, representing Thomas Cook Canada Inc.
- (b) Mark Williams, representing Sunwing Airlines Inc. and Sunwing Tours Inc. ("Sunwing"); and
- (c) Rita Reid, representing CAW-Canada.

Before a vote was held, Mr. Meakin explained there was a prohibition pursuant to s. 116(2) of the *Bankruptcy and Insolvency Act* ("BIA") that no party was eligible to be an inspector who was subject to contested litigation by or against the estate. Mr. Meakin advised that there was ongoing litigation in the Skyservice receivership between the estate and Sunwing relating to Sunwing's assertion that funds in the Skyservice receivership were held in trust for Sunwing. Mr.

Meakin explained that the Trustee had consulted the Official Receiver on the point prior to the meeting and it was unclear whether Sunwing could act as an inspector. Mr. Meakin also stated that the Trustee had been advised by counsel that the case law in this regard was also uncertain. Mr. Meakin indicated that the Trustee had determined, with the support of the Official Receiver, that if a Sunwing representative was appointed, their appointment should be made subject to a motion for advice and direction from the court to confirm whether the representative is eligible to act as an inspector.

Ms. Meredith, counsel for FTI, also advised that the Trustee had commenced a preference application against certain individuals, including an employee of Sunwing, and that there was a possibility that the Trustee would commence a preference application against Sunwing itself if an express trust in favour of Sunwing was found in the motion described by Mr. Meakin. Ms. Meredith indicated that the Trustee had discussed with Mr. Williams that if he was appointed as an inspector, he would not vote on or participate in discussions in relation to the application involving the current Sunwing employee, and that if the application was commenced against Sunwing, he would abstain from participating in matters in relation to that application or possibly be removed as an inspector. Ms. Meredith invited counsel for Sunwing to address these points with those present.

Ms. McEachern, counsel for Sunwing, indicated that they believed Mr. Williams was eligible to be an inspector and there was case law supporting this point. She noted that they agreed to proceed on the basis that the Trustee would get directions from the court on this issue, although she questioned whether a similar motion should be brought with respect to Thomas Cook.

Mr. Meakin explained that the language of the BIA was that a person was ineligible if they were a party to a "contested claim or proceeding" and that Thomas Cook was not involved in a pending action at this time.

A vote for each nominee was held in turn. With respect to Mr. Moore, no creditors voted against or abstained and his appointment as inspector was confirmed. With respect to Mr. Williams, no creditors voted against, Mr. Meakin, representing 72 creditors by proxy, abstained from voting, and Mr. Williams' appointment as inspector was confirmed subject to confirmation from the Court as to his eligibility to act as inspector. With respect to Ms. Reid, no creditors voted against or abstained and her appointment as inspector was confirmed.

## **6. Other Business and Adjournment of Meeting**

Mr. Meakin inquired whether anyone present had any further questions or other matters of business to raise. No questions or other matters of business were raised and, accordingly, Mr. Meakin, representing creditors by proxy, moved to adjourn the meeting. The motion was seconded by Mr. Williams and the meeting was adjourned.

**Schedule A: Attendance List**



Consumer and  
Corporate Affairs Canada  
Office of the Superintendent  
of Bankruptcy

Consummation  
et Corporations Canada  
Bureau du Surintendant  
des faillites

**ATTENDANCE LIST  
LISTE DES PRÉSENCES**

Estate Number — N° de l'actif

31-457078

Debtor & Representatives — Débiteur & Représentants

SHYSERVICE AIRLINES INC.

Trustee & Representatives — Syndic & Représentants

FTI CONSULTING CANADA INC.

Migel Meakin - Trustee

Creditors present or represented — Créanciers présents ou représentés

NAME — NOM	REPRESENTING — REPRÉSENTE	Amount — Proven Claim Montant — Réclamation prouvée
RITA REID	LOCAL 18 CAW 2002	
<del>Mathew, Dinsdale &amp; Clark</del>		
Daniel Lane	Mathews, Dinsdale & Clark	2180.87
Katherine McEachern	Blake, Cassels & Goudy LLP # 18.5 Cdn ↳ for Sunwing Vacations # 1.5 U.S. Sunwing Airlines	26,305
Steve Single	CAW-CANADA	\$598,000
"ERLINDA UTO TESAU"	SELF	\$4000.00
DEREK WILSON	DEREK L WILSON LTD	7755
Andrea YAU	KOSKIE MINSKY	N/A
MARCK WILLIAMS	SUNWING AIRLINES INC.	26,305.38
" "	SUNWING TOURS INC.	17,063,289



Consumer and Corporate Affairs Canada  
Office of the Superintendent of Bankruptcy

Consommation et Corporations Canada  
Bureau du Surintendant des faillites

**ATTENDANCE LIST  
LISTE DES PRÉSENCES**

Estate Number -- N° de l'actif

31-457078

Debtor & Representatives — Débiteur & Représentants

SHYSERVICE AIRLINES INC.

Trustee & Representatives — Syndic & Représentants

FTI CONSULTING CANADA INC.  
Miguel Meakin - Trustee

Creditors present or represented — Créanciers présents ou représentés

NAME — NOM	REPRESENTING — REPRÉSENTE	Amount — Proven Claim Montant — Réclamation prouvée
DEAN MOORE	THOMAS COOK CANADA	\$ 42.1 M.
MARC STANKOWSKI	SELF	<del>50</del>
G. Beaton	SELF	
VICTORIA AUSCOP	MCAP, IAI	

**Schedule B: Affidavit of Service of the Notice of the First Meeting of Creditors and  
Publication in Newspaper of the First Meeting of Creditors**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

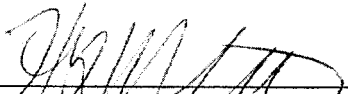
**IN THE MATTER OF THE BANKRUPTCY OF  
SKYSERVICE AIRLINES INC.**  
of the City of Toronto, in the Province of Ontario

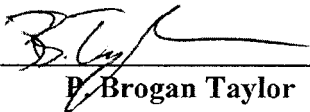
**AFFIDAVIT OF SERVICE  
OF NOTICE OF THE FIRST MEETING OF CREDITORS  
AND PUBLICATION IN NEWSPAPER OF THE FIRST MEETING OF CREDITORS**

I, P. Brogan Taylor, of the City of Toronto, in the Province of Ontario, MAKE OATH  
AND SAY THAT:

1. I am Senior Consultant at FTI Consulting Canada Inc., trustee of the bankruptcy estate of Skyservice Airlines Inc. ("Skyservice").
2. Pursuant to my instructions, the notice, attached hereto as Exhibit "A" was mailed by The Printing House to all known creditors of the bankrupt on April 11, 2012. Attached hereto as Exhibits "B" and "C", respectively, is a copy of proof of such mailing and a list of Skyservice's known creditors. Notice of the bankruptcy of Skyservice and first meeting of creditors to take place at 10:30 am (ET), in the Manitoba Room at the Fairmont Royal York Hotel, 100 Front Street West, Toronto, Ontario was also published in the Globe & Mail newspaper on April 13, 2012. Attached hereto as Exhibit "D" is a copy of the relevant page from the Globe & Mail.

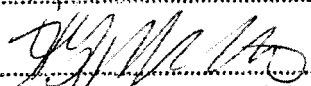
SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario, on  
April 19, 2012.

  
\_\_\_\_\_  
Commissioner for taking affidavits

  
\_\_\_\_\_  
P. Brogan Taylor



District of Ontario  
Division No. 09 – Toronto  
Court No. 31-457078  
Estate No. 31-457078

This is Exhibit <sup>3</sup> "A" referred to in the  
affidavit of P. Bragan Taylor  
sworn before me, this 19<sup>th</sup>  
day of April 2012  
  
A COMMISSIONER FOR TAKING AFFIDAVITS

Notice of Bankruptcy and First Meeting of Creditors  
(Subsection 102(1) of the Act)

Skyservice Airlines Inc.

Take notice that:

1. A bankruptcy order was made against Skyservice Airlines Inc. ("Skyservice") on the 29<sup>th</sup> day of March 2012 (the "Bankruptcy Order"), and the undersigned, FTI Consulting Canada Inc., was appointed as trustee of the estate of the bankrupt by the Court, subject to affirmation by the creditors of the trustee's appointment or substitution of another trustee by the creditors.
2. The first meeting of creditors of the bankrupt will be held on the 19<sup>th</sup> day of April, 2012, at 10:30 AM at:  
  
The Manitoba Room  
The Fairmont Royal York Hotel  
100 Front Street West,  
Toronto, Ontario M5J 1E3
3. To be entitled to vote at the meeting, a creditor must lodge a proxy with the trustee prior to the start of the meeting, unless the creditor is a natural person. Proxies may be filed by email, fax, mail, courier or hand delivery.
4. Pursuant to the Bankruptcy Order, creditors are NOT required to file a proof of claim in the bankruptcy as the Claims Procedure approved and implemented in the receivership proceedings of Skyservice shall be binding in the bankruptcy.
5. Enclosed with this notice is a proxy form and list of creditors with claims amounting to \$25 or more showing the amounts of each claim. Please note that not all claims have been agreed or accepted.

Dated at Toronto, this 10<sup>th</sup> day of April, 2012.

Corporate Trustee Name:

FTI Consulting Canada Inc.  
TD Waterhouse Tower  
79 Wellington Street West  
Suite 2010, P.O. Box 104  
Toronto, Ontario M5K 1G8

Responsible Individual:



Nigel D. Meakin  
Trustee in Bankruptcy

Phone: 416-649-8098  
Fax: 416-649-8101  
Email: [skyservicecac@fticonsulting.com](mailto:skyservicecac@fticonsulting.com)



Lettermail  
Poste-lettres

C113290668

3

Data Entry Saisie des données

Mailed By Customer Number Expédié par N° du client: 1681270

THE PRINTING HOUSE LTD  
7880 KEELE STREET  
CONCORD ON L4K4G7

Matt Smolka  
905-660-1135

Mailed on behalf of Expédié au nom de: 1681270 Matt Smolka  
CIF ACMA: No / Non

Customer Reference Référence du client: 013-064644

Co-pkgd in PM pc Conditionnement commun de la Poste-publications: No / Non

DMC CVML: Address Accuracy Exactitude des adresses:

Paid By Customer No. N° du client/compte  
1681270

Method of Payment Mode de paiement

Account / Porter au compte

Contract No. N° de la convention

40062641

Transmitted/Transmis: 2012/04/11 12:20 EDT

Deposit Summary / Sommaire du dépôt

Location Name / Nom du bureau: SOUTH CENTRAL MPP 1089

Deposit Date / Date du dépôt: 2012/04/11

(The Induction Date may be different. / La date de dépôt pourrait être différente.)



4010 89C11 32906 68101 9Y1AA 0411

Service Description / Description du service	Pieces Articles	Weight / Piece Poids / article
Other Letters / Autres lettres	1,054	28.00 g
USA Other Letter-post / AO / Poste aux lettres - E.-U.	29	28.00 g
Intl Other Letter-post / AO/Poste aux letter - intern.	18	28.00 g
	1,101	30.828 kg

Containers / Conteneurs (Customer estimate / Evaluation du client)
No data available Aucune donnée disponible

Entire Mailing / Envoi complet

Product / Produit	Cost Centre / Référence centre de coûts	Reference / Réference	Mailing Id / N° Dépôt	Deposit Date / Date du dépôt	Pieces / Articles	Weight/Piece / Poids/article	\$ / Piece / \$ / article	Metered Rate / \$ / kg	Affr. Mach	Options Code \$ / Code d'options \$	Total Cost (\$) / Total des frais (\$)
00002	071			2012/04/11	1,054	28.00 g	\$1.29000				\$1,359.66
00482	071			2012/04/11	29	28.00 g	\$2.10000				\$60.90
05421	071			2012/04/11	18	28.00 g	\$4.20000				\$75.60
<b>TOTAL</b>					1,101	30.83 kg				\$0.00	\$1,496.16

Deposit Type / Type de dépôt  
Full Mailing - One Deposit / Dépôt entier - Un seul dépôt

Sub-total Before Taxes Total partiel avant les taxes \$1,496.16  
 GST/TPS \$0.00 HST/TVH \$176.76 PST/TVP \$0.00 \$176.76  
 Total Amount Due to CPC Montant total dû à la SCP \$1,672.92

This is Exhibit "B" referred to in the  
 affidavit of P. Brogan Taylor  
 sworn before me, this 19<sup>th</sup>  
 day of April 2012

*[Signature]*  
 A COMMISSIONER FOR TAKING AFFIDAVITS

OCR LOC %: \_\_\_ FSM MTGOP %: \_\_\_ Apply Appliquer: [ ] Yes Out [ ] No Non

The Customer warrants that this mailing does not contain dangerous goods and otherwise complies with the terms and conditions as agreed to.

Le client garantit que cet envoi ne contient pas de matières dangereuses et qu'il est conforme aux conditions acceptées.

Authorized Customer Signature / Signature autorisée du client:

X

CPC HST # N° SCP TVH 119321495

Accepted and verified by Initials / Employee No.:  
 Accepté et vérifié par Initiales / N° de l'employé: \_\_\_\_\_

Cheque No. N° du chèque: _____
Cheque Amount Montant du chèque: _____

This document must accompany your mailing to the Accepting Location.  
 Ce document doit accompagner votre envoi au bureau de dépôt.

SkyService Airlines Inc.  
 List of Creditors  
 Agreed/Accepted Claims

Item	Address 1	Address 2	City	Province	Postal Code	Country	Secured Claim	Unsecured Claim
373149 Ontario Ltd	PO Box 6038 Toronto AMF		Miskiwaga	Ontario	L5P 1B2	Canada		37,621.44
3800 Grant McConachie Way			Richmond	BC	V7B 0A5	Canada		485.00
120 Wilson Street			Hamilton	Ontario	L8R 1E2	Canada		4,283.87
Advanced Equipment Systems		Suite 108	E. Beaver	Ontario	M9B 1E7	Canada		21,158.33
AERO INSTRUMENTS & AVIONICS, INC.	7280 BASSAL ROAD	PO Box 1018	N. TORONAWANDA	NY	14120	US		6,591.10
AeroCare	135 West Beaver Creek		Richmond Hill	Ontario	L4B 4H9	Canada		50,237.00
Aerocraft Ltd	19087 Winston Churchill Blvd		Chesham	Ontario	L7K 3J5	Canada		13,513.50
Aeromechanical Services Ltd.	9087, 1144-29 Avenue NE		Calgary	Alberta	T2C 1P5	Canada		127,906.16
Aeropal Aviation Services	28975 Transerra Dr.	Unit 12	Mississauga	Ontario	L5S 1S5	Canada		6,211.49
Aerospac Inc.	355 Portage Avenue		Solway	Ohio	44139	USA		79,908.71
AeroMechanical Services Ltd.	Falcon Martineau Dumoulin LLP	2400 - 333 Bay Street	Windsor	Mainitoba	R3B 2G3	Canada		218,949.13
Aerospac Inc.	1080 Perle Boulevard		Windsor	ON	M5H 2T6	Canada		787.50
Air Transport 3, Inc.	1080 Perle Boulevard		Montreal	Quebec	H4S 2E6	Canada		457.12
Airline Services, Inc.	1080 Perle Boulevard	Robson Way	Montreal	Quebec	H4T 1C3	Canada		11,696.07
Airline Services, Limited	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		1,371.06
Airtech Technologies Inc.	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		117.35
Al Water Aviation	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		16,275.74
Alliedrest Treat Limited	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		3,581.39
Alps Incorporated	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		19,005.08
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Alps Incorporated	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		20,000.00
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Alps Incorporated	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		7,197.60
Alps Incorporated	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		7,462.52
Alps Incorporated	1080 Perle Boulevard		Montreal	Quebec	H4T 1C3	Canada		158,371.18

This is Exhibit "C" referred to in the affidavit of P. Brogan Taylor sworn before me, this 19c day of April 20, 12.

*[Signature]*  
 A COMMISSIONER FOR TAKING AFFIDAVITS

Name	Address 1	Address 2	City	Country	Postal Code	Province	Secured Claim	Unsecured Claim
R.S. and Associates Airport Services LTD	805 47 St Main		Conjoloops	Canada	V7C 5E3	B.C.	-	10,065.50
Reverick, Limited	665 Millway Ave, unit 22		Conjoloops	Canada	L4K 3J8	Ontario	-	13,581.75
Ricco Construction Inc.	5286 Timbocoo Blvd		Conjoloops	Canada	L4K 3J8	Ontario	-	551.36
RIAMATION INC.	69 Yonge Street	PO Box 17017	Toronto	Canada	M5E 1Y3	Ontario	-	924.35
Rimpro	6614 VANDER ABELLE		ST-AUBERT	CANADA	H4S 1Y3	Quebec	-	5,000.00
Skiatco	Redacted	Redacted	Saskatoon	Redacted	Redacted	Redacted	-	89,134.05
Sonivak Inc.	1515 St-Jas Dr., 13th floor	2825 Airport Drive	Regina	Canada	S4P 3Y2	SK	-	1,145.87
Short Brothers plc /A Bombardier Aerospace	100440 Ave. Mir, Suite 400		St. Laurent	Canada	H4M 2N9	Quebec	-	582,726.97
SIFA INC INC	151 Northport Drive		Houston	USA	77060	Texas	-	52,584.58
SMITH CHANG CONCEPTS INC.	555 CHARABEL WEST	SUITE 1407	MONTRÉAL	Northern Ireland	B620 3RG	County Down	-	20,604.49
Stallion Systems, Inc.	1, London Gate	757-254 Rlyhth Road	MONTRÉAL	USA	1H3 1M7	Mississauga	-	633,296.34
Staples Business Solutions LLC	227 King St 2300 Ave		WATERLOO	USA	1H3 1M7	Mississauga	-	1,015.90
Sun Life Financial	372 Whitebloss Court		MANHATTAN BEACH	USA	90266	California	-	151,655.48
Swamp USA, Inc.	501 Continental Blvd.	PO Box 1601 53th Waterloo	Palm City	USA	34980	Florida	-	237,327.41
Tallman Moving Services Inc.	1795 Wellington Ave, 2nd Floor	Winnehewer Hospital	Waterloo	UK	M2391T	Ontario	-	341.00
Telus Communications Company	4905 Avenue Duje	Suite 350	Dukes	United States of America	20166	Virginia	-	1,058.00
Tenex Controls	CI2 - 1515 Matheson Blvd E		Mississauga	Canada	L4W 2T5	Ontario	341.23	-
Tenacom Ltd	7975 Wellington Ave, 2nd Floor		Burnaby	Canada	V2G 2V5	BC	-	9,546.64
THE CONSULTING INC	20701, Chemin Ste-Marie	Suite 120	Ste-Arne-de-Bellevue	Canada	H8Y 8Y5	Quebec	-	3,555.37
THE ALTA P&E LTD	160 Renfrew Drive		Markham	Canada	L3R 6E3	Ontario	-	1,250.00
THELEX AUTOMICS INC.	21 Chung North Rise		Singapore	Canada	438 789	Ontario	-	2,784.78
Thales Avionics, Inc.	3920 PARK AVE.		EDISON	USA	08820	NJ	-	11,987.11
Tiger Direct CA	7795 W. Parker St.	Suite 35	Irvine	USA	92618	CA	-	6,235.78
Toronto Hydro Electric System	5800 Yonge Street		Toronto	Canada	M4M 3T3	Ontario	-	1,798.13
Transport Canada	4900 Yonge Street		Toronto	Canada	M3M 6K5	Ontario	-	10,021.83
Tulmar Safety Systems	1123 Cameron St		Richmond Hill	Canada	L4B 3B8	Ontario	-	32,500.00
Uniscence Canada Inc	50 Erik Wilmont St		Richmond Hill	Canada	L4B 3B8	Ontario	-	3,366.04
XI Airways France SA	Comblant square 2, batiment MARS	3 place de Berlin	Mississauga	France	95727	France	-	71,007.46
Yield Acquisitions	6205 Airport Road	Suite A-300	Mississauga	Canada	L4V 1E1	ON	-	586,000.00
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,058.00
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,558.85
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,957.20
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,050.00
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	6,487.96
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	164.77
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	3,066.08
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	491.29
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	17.00
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	6,571.06
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,695.90
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	2,259.61
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,518.16
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	5,377.99
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,030.81
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	3,123.49
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,266.98
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	5,622.00
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,187.17
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,314.22
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	725.78
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Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	7,278.06
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	3,290.51
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	6,527.25
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,272.26
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,186.22
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	6,544.09
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,030.81
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Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,781.54
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,773.21
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Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	5,151.85
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	4,584.23
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	3,424.65
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	1,030.81
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	8,993.18
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	18,167.79
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	3,701.17
Zigzag	Redacted	Redacted	Redacted	Canada	Redacted	Redacted	-	13,670.94







Name	Address 1	Address 2	City	Province	Postal Code	Country	Severd Claim	Unseverd Claim
Mania Glezard	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,313.10
Clark Girouard	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		8,831.85
Cheryl Glen	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		9,404.74
Francisco Gonzalez	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		9,884.66
Trevor Good	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,004.17
Robert Good	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,492.37
Caroly Gordon	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		9,003.42
Philip Goss	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,507.40
Valerian Goumboritz	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		6,238.34
Craig Gowland	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		16,450.33
Brown	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		14,905.13
Gerry Graham	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,172.37
Jennifer Graham	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,634.34
Dennis Grant	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,076.98
Alana Green	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,560.65
Eric Grondin	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,417.14
Marie Guay	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		7,698.35
Sara Guinan	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,990.22
William Gulian	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		487.21
Lynndy Gukard	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,076.98
Melanie Gukart	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,072.55
Chandra Hakonen	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,748.19
Clare Hall	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,139.56
Michael Hambley	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,323.34
Stefanie Hambley	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		7,925.33
Trevor Hamilton	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		20,186.55
Thom Hamilton	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,803.40
Corina Hamill	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,108.31
Nora Hanna	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,098.60
Kari Hannam	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,700.38
Esther Hansky	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,186.22
Francis Hanson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,030.81
Harriet Harsh	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,817.30
Heather Harsh	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		9,684.96
Heather Harsh	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,684.96
Philip Haub	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,162.78
Cheryl Hauberg	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,981.17
Terina Hawkins	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,221.11
Natalie Hawksworth	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,090.81
Colleen Hayns	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,758.60
Isabelle Robert-Rosselle	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,644.00
Kevin Heez	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,098.26
Carolee Hempall-Pain	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,076.98
Doreen Hempen	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,172.37
Donna Hernandez	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		9,100.81
Ana Hignah	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,892.41
Jacqueline Higham	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,349.92
Dennis Hilderman	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,406.70
Kevin Hildreth	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,493.81
Tiffa Hill	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,097.09
Manuela Hinson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		8,993.17
Sharon Hirst	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,212.02
Sharon Hirst	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,290.51
Andy Hoag	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,698.25
Jody Hooper	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,803.06
Jody Hooper	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,200.51
Glen Horneman	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		16,051.71
Peggy Houseman	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,755.22
Marcelle Howington	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,889.04
Theresa Hubbard	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,883.34
Michelle Huber	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		7,181.91
John Hudson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		21,801.35
John Hudson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		16,159.65
Ashley Hunt	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		771.42
Berkeley Hunter	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,470.07
Debbie Horrell	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,423.10
Phuong (Duckell) Huynh	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,030.81
Huatai Hyman	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,212.02
Lucy Iain	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,515.5
Lucy Iain	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,800.00
Christina Iannini	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,726.84
Adelle Irice	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		8,696.15
Graham Ingram	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,310.33
Shahar Irani	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		10,975.40
Jeff Israel	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,738.15
Neel Jacobson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,290.51
Neel Jacobson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,076.98







Name	Address 1	Address 2	City	Province	Postal Code	Country	Secured Claim	Unsecured Claim
Mijana Midjan	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,598.65
Sarah Miller	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,344.38
Maulik Mina	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,701.83
Giuliana Miranda	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,876.16
Lyster/Mlor	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		10,609.06
Rhith Mlity	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,633.49
Glenn Mlitch	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,684.96
Aaron Mitchell	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,895.00
Malcom Mohit	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,871.69
Bhavik Mohabber	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,781.00
Jane Mohar	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,894.42
Kathlyn Montgomery	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,228.26
Francisco Mora	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,059.99
Indira Morin	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,059.99
Carla Morrison	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,059.99
Paul Morrow	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,549.67
Louanne Mountain	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,318.47
Mark Muebam	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,076.98
Spink Mueller	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,422.12
Robert Mullin	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		15,200.64
Merrekhi Mundfik	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		8,561.28
Jeffery Murphy	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		19,275.40
Hylen Murray	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		20,025.25
Sehwan Nagy	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,060.15
Peter Nagembea	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		16,450.33
Andrea Nagy	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,020.81
Salleh Nath	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		11,760.31
Ruth Naylor	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,865.30
Debra Nelson	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,397.05
Aime Henry	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,265.30
Li-Ana Niebana	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,265.30
Mohamed Nooridin	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		8,097.21
Calvinur Norman	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,179.30
Kelly North	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,203.35
Amar Nulak	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,628.38
Andee Obermeyer	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,889.60
Rhith Obeid	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,350.66
Rhith Obeid	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		6,258.20
Paul Ochoa	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,575.67
Jeffrey Oke	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		14,860.31
Rolando Olmo-Echemenda	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,562.28
Carolyne O'Neil	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		24,024.53
Wahad Oboirre	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		6,238.34
Murray O'Shea	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,760.05
Debra Oshchurh	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,566.35
Maria Osim	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		19,975.40
Anna Palencia	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,811.78
Alex Palencia	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,316.50
Clare Panjaks	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,801.35
Salli Paquin	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		9,240.82
Nadis Parabi	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		10,461.80
Michelle Pare	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,898.49
Harmeinder Singh Parhar	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		2,877.91
Santh Parhar	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,866.22
Priya Patel	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,866.22
Gulla Patmonitter	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,866.22
Laura Patmon	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,344.38
Jodi Paul	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,605.30
Brian Papp	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,017.31
Rhithk Payer	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,080.52
Alison Pava	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,020.81
Robert Pecosky	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		5,198.62
James Pekoan	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,873.95
Jeanne Pennington	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		687.21
Allyson Peter	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,866.22
Brenda Peters	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		4,897.05
Louis Petruvich	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,741.23
Gregory Pflumer	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,303.42
Abigail Phibbs	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		1,168.26
Colin Pilon	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		778.84
Laura Piloni	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,290.51
Steve Plozzo	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		3,512.01
Deborah Plaza	Redacted	Redacted	Redacted	Redacted	Redacted	Redacted		17,312.84













**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(IN BANKRUPTCY AND INSOLVENCY)**

Proceeding Commenced at TORONTO

**AFFIDAVIT OF SERVICE OF  
P. BROGAN TAYLOR**

**McCarthy Tétrault LLP**  
Suite 5300, P.O. Box 48  
Toronto Dominion Bank Tower  
Toronto ON M5K 1E6

**Jamey Gage** LSUC#: 346761  
Tel: (416) 601-7539  
E-mail: jgage@mccarthy.ca

**Geoff R. Hall** LSUC#: 347010  
Tel: 416 601-7856  
E-mail: ghall@mccarthy.ca

**Heather Meredith** LSUC#: 48354R  
Tel: (416) 601-8342  
E-mail: hmeredith@mccarthy.ca

Fax: (416) 868-0673  
Lawyers for FTI Consulting Canada Inc., in  
its capacity as Proposed Trustee of  
Skyservice Airlines Inc.  
11382183

**Schedule C: Bankruptcy Order**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE  
JUSTICE MORAWETZ

) THURSDAY, THE 29TH DAY  
)  
) OF MARCH, 2012

**IN THE MATTER OF THE BANKRUPTCY OF  
SKYSERVICE AIRLINES INC.**  
of the City of Toronto, in the Province of Ontario

**O R D E R**

**THIS APPLICATION** of International Lease Finance Corporation, of the City of Los Angeles, in the Country of the United States of America (the "**Applicant**"), as substituted applicant creditor, pursuant to the March 29, 2012 Order of the Honourable Justice Morawetz, wherein it replaced Sunwing Tours Inc. (now Sunwing Vacations) ("**Sunwing**") and Thomson Airways Limited ("**Thomson**") as the applicant creditors in the bankruptcy application issued on June 16, 2010 as against Skyservice Airlines Inc. ("**Skyservice**") (as amended) (the "**Application**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion dated March 28, 2012, the Motion Record and the Affidavit of Margaret L. Epstein sworn March 27, 2012; on hearing the submissions of counsel for the Applicant, FTI Consulting Canada Inc. and such other counsel on the Service List who appeared on this Application; and it appearing to the Court that the following acts of bankruptcy have been committed:

- (a) Skyservice has ceased to meet its liabilities generally as they become due.

**Bankruptcy Order**

1. THIS COURT ORDERS that Skyservice, of the City of Toronto in the Province of Ontario, be and is hereby adjudged bankrupt and a Bankruptcy Order is hereby made against Skyservice.
2. THIS COURT FURTHER ORDERS that FTI Consulting Canada Inc. of the City of Toronto, in the Province of Ontario, be appointed as trustee of the estate (the “**Trustee**”) of the said bankrupt.
3. THIS COURT FURTHER ORDERS that, subject to any further order of the Court, the Trustee shall not be required to give security to the Official Receiver pursuant to section 16 of the BIA.

**Coordination with Receivership Proceedings**

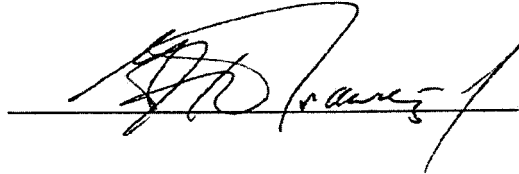
4. THIS COURT ORDERS that the assets, undertakings and properties of Skyservice acquired for, or used in relation to a business carried on by Skyservice, including all proceeds therefrom (the “**Receivership Property**”) shall vest in the Trustee subject to the rights, powers and authority of FTI Consulting Canada Inc. in its capacity as receiver (the “**Receiver**”) in respect of the Receivership Property pursuant to the Order of the Honourable Justice Gans dated March 31, 2010 (as may be amended from time to time, the “**Receivership Order**”), made pursuant to section 243(1) of the BIA and section 101 of *the Courts of Justice Act* (Ontario), and all other Orders made in Court File No. CV-10-8647-00CL (the “**Receivership Proceedings**”) and, without limitation to the foregoing, the Receivership Property will continue to be subject to

the court-ordered charges created pursuant to the Receivership Order in accordance with its terms and any further Orders in the Receivership Proceedings.

5. THIS COURT ORDERS that, in connection with the claims against Skyservice:
- (a) any person that filed a proof of claim in compliance with the Claims Procedure Order dated July 27, 2010 in the Receivership Proceedings (the “**Claims Procedure Order**”) in respect of a Claim (as defined in the Claims Procedure Order), or in compliance with any subsequent Order in the Receivership Proceedings that permitted such person to file a proof of claim after the Claims Bar Date (as defined in the Claims Procedure Order), is not required to file a proof of claim in respect of such Claim in the bankruptcy of Skyservice (the “**Bankruptcy Proceedings**”);
  - (b) the Receiver will continue to allow, disallow or otherwise adjudicate or settle Claims in accordance with the Claims Procedure Order, and the final determination of each Claim in accordance with the Claims Procedure Order will be effective and binding in the Bankruptcy Proceedings as if allowed by the Trustee and finally determined in the Bankruptcy Proceedings on such basis; and
  - (c) any obligation of the Receiver in respect of any Excluded Claim (as defined in the Claims Procedure Order) will continue in accordance with and subject to the terms of the Receivership Order and the other Orders in the Receivership Proceedings, and any person with an Excluded Claim is not required to file a proof of claim in the Bankruptcy Proceedings.

6. THIS COURT ORDERS that, for the purposes of section 102 of the BIA:
  - (a) the Trustee is only required, in the case of the notice to be sent to creditors of Skyservice pursuant to section 102(1), to send such notice to those creditors who filed a proof of claim in compliance with the Claims Procedure Order (or any subsequent Order in the Receivership Proceedings that permitted such creditor to file a proof of claim after the Claims Bar Date), and such notice may be sent in any manner permitted under the Claims Procedure Order, including without limitation paragraph 32 thereof; and
  - (b) the Trustee is not required to include a proof of claim form in the materials to be sent to creditors pursuant to section 102(2).
  
7. THIS COURT ORDERS that, notwithstanding this Order and the Bankruptcy Proceedings, all steps and actions taken by the Receiver in the Receivership Proceedings pursuant to any Orders granted therein (including without limitation soliciting, reviewing, evaluating, allowing and disallowing Claims and sales of the Receivership Property) be and hereby are deemed to be effective against the Trustee and against the creditors of Skyservice as if such steps and actions were taken by the Trustee.
  
8. THIS COURT ORDERS that each of the Trustee and the Receiver shall be entitled to seek the advice and direction of this Court as to the implementation of this Order and, in the case of the Trustee, the discharge of the powers and duties of the Trustee under the BIA in connection with this Order, and/or each of them may apply for such further Order or Orders as may be appropriate.

9. THIS COURT FURTHER ORDERS that the costs of the Applicant of and incidental to this Application and this Order be paid to the Applicant out of the assets of the bankrupt upon taxation thereof.

A handwritten signature in black ink, appearing to read "J. D. Francis", is written over a horizontal line. The signature is stylized and cursive.

Court File No. 31-OR-207744-T  
**IN THE MATTER OF THE BANKRUPTCY OF SKYSERVICE AIRLINES INC. OF THE CITY OF TORONTO IN THE PROVINCE OF  
ONTARIO**

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY**

Proceeding commenced at Toronto

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**ORDER**

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*Lawyers for International Lease Finance Corporation*



**Schedule D: Report of the Trustee on Preliminary Administration**

CANADA  
DISTRICT OF ONTARIO  
DIVISION NO: 09-Toronto  
COURT NO: 31-457078  
ESTATE NO: 31-457078

IN THE MATTER OF THE BANKRUPTCY OF  
SKYSERVICE AIRLINES INC.  
REPORT OF THE TRUSTEE ON PRELIMINARY ADMINISTRATION  
FOR THE FIRST MEETING OF CREDITORS  
APRIL 19, 2012

**BACKGROUND**

1. On March 31, 2010 (the “**Date of Receivership**”), FTI Consulting Canada Inc. was appointed as receiver (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Skyservice Airlines Inc. (“**Skyservice**” or the “**Company**”) pursuant to the order of the Honourable Mr. Justice Gans (the “**Receivership Order**”) granted upon the application of Thomas Cook Canada Inc. (“**TCCI**”) pursuant to section 243(1) of the Bankruptcy and Insolvency Act R.S.C. 1985 c. B-3 as amended (the “**BIA**”) and section 101 of the Courts of Justice Act R.S.O. 1990 c.43 as amended.
2. The Receiver has filed a number of reports on various aspects of the Receivership with the Superior Court of Justice (Commercial List). Copies of these reports can be found on the website that was established by the Receiver at <http://cfcanada.fticonsulting.com/skyservice> (the “**Website**”).
3. On June 16, 2010, Sunwing Tours Inc. (“**Sunwing**”) obtained an order lifting the stay of proceedings for the purpose of allowing Sunwing to commence the Bankruptcy Application against Skyservice and to adjourn the hearing of the Bankruptcy Application *sine die*. On June 30, 2010, the Sunwing Order was amended to add Thomson Airways Limited (“**Thomson**”) as a creditor to the Bankruptcy Application. On March 26, 2012, counsel for Sunwing and Thomson informed counsel for the Receiver that they were not prepared to proceed with the Bankruptcy Application at that time. On March 28, 2012, International Lease Finance Corporation (“**ILFC**”) served materials in support of a motion to be substituted for Sunwing and Thomson in the Bankruptcy Application pursuant to section 43(13) of the BIA.

4. On March 29th, 2012 the Court approved the substitution of Sunwing and Thompson and issued an order adjudging Skyservice bankrupt (the "**Bankruptcy Order**"). Pursuant to the Bankruptcy Order, among other things:
  - (i) FTI Consulting Canada Inc. was appointed as trustee of the estate (the "**Trustee**") of Skyservice;
  - (ii) the assets of Skservice vested in the Trustee subject to the rights, powers and authority of the Receiver; and
  - (iii) the determination of claims in accordance with the Claims Procedure Order in the Receivership Proceedings is effective and binding in the Bankruptcy Proceedings as if allowed by the Trustee and finally determined in the Bankruptcy Proceedings on such basis.

#### **CAUSES OF FINANCIAL DIFFICULTY**

5. The background to the insolvency are set out in the affidavit of Karim Nensi sworn March 31, 2010 and filed in support of the receivership application, a copy of which is attached hereto as Appendix A.

#### **BOOKS AND RECORDS**

6. The Trustee will not take possession of the books and records, which are held by the Receiver.

#### **CONSERVATORY AND PROTECTIVE MEASURES**

7. Commencing on the Date of Receivership, the Receiver took steps to secure possession and control over property and all proceeds, receipts and disbursements arising out of or from the Company, other than Aircraft, of which the Receiver was not required to take possession, pursuant to the provisions of the Receivership Order.

#### **ASSETS AND LIABILITIES**

8. The following is a summary of the assets and liabilities of Skyservice, as reflected in the Statement of Affairs prepared on April 5, 2012.

**Assets:**

Deposits in financial institutions	\$10,034,000
Other property	TBD
<b>Total Assets</b>	<b><u>\$10,034,000</u></b>

**Liabilities:**

Unsecured creditors	\$64,015,000
Secured creditors	231,804
Contingent, trust claims or other liabilities	36,974,066
<b>Total Liabilities</b>	<b><u>\$101,220,870</u></b>
<b>Deficiency</b>	<b><u>\$91,186,870</u></b>

9. The following table summarizes the current status of the adjudication of claims:

CAD \$000's

<b>Claim Adjudication Summary</b>	<b>Number</b>	<b>Value</b>
<b>Secured/Trust/Property:</b>		
Accepted	14	110.7
Under Review <sup>2</sup>	3	37,095.2
	17	37,205.9
<b>Unsecured:</b>		
Accepted	1,081	11,784.3
Under Review	23	52,230.8
	1,104	64,015.0
<b>Total<sup>1</sup></b>	<b>1,121</b>	<b>101,220.9</b>

<sup>1</sup> Former employee claims have been separated out from their union and association groupings and into individual claims

<sup>2</sup> In the event that a claim was submitted as both secured and unsecured, the amounts have been presented in the Secured/Trust/Property claim category only to avoid duplication of claimed amounts.

10. The assets yet to be realized in the estate are summarized as follows:
  - (i) Skyservice's entitlement, if any, to certain funds currently held in escrow, as described in more detail below;
  - (ii) Skyservice's entitlement to the unutilized amounts, if any, of certain monies held in trust accounts, as described in more detail below; and
  - (iii) The proceeds, if any, of any successful claims in respect of preferences or transfers at undervalue.

***Funds in escrow***

11. Skyservice was acquired by its current owners pursuant to a plan of arrangement in 2007. Consideration in respect of the transaction was paid almost entirely in cash with several contingent amounts (totalling approximately \$17.2 million) placed in escrow at the time ("**Funds in Escrow**"). Portions of the Funds in Escrow had been released prior to the Date of Receivership upon satisfaction of specific requirements set out in the applicable agreements. Since the Date of Receivership, the Receiver has consented to the release from escrow of approximately \$400,000 following the satisfaction of the specific requirements for release as set out in the relevant agreements. As of February 28, 2012, approximately \$7.1 million remains in escrow.
12. The remaining Funds in Escrow are subject to claims by Skyservice in respect of breaches of representations and warranties and financial performance thresholds from 2008.
13. Efforts to settle these claims have, to date, been unsuccessful and the Receiver's current intention is, therefore, to litigate these claims unless an appropriate settlement can be reached. Further detail on the dispute can be found in the Monitor's Eleventh Report, a copy of which is available on the Website.

***Trust Account Monies***

14. On March 25, 2010, prior to the date of Receivership, Skyservice forwarded \$7,370,000 million to its legal counsel, Cassels Brock & Blackwell LLP (“Cassels”), to be held in trust for certain amounts that may be owing to employees, amounts that may be owing pursuant to the *Workers Compensation Act*, (Manitoba) and amounts that may be owing in respect of the Air Travellers Security Charge (“ATSC”) (such monies being the “Trust Funds”).
15. The Receiver understands that approximately \$6.3 million was paid out of the Trust Funds prior to the appointment of the Receiver. Since the date of Receivership, the Receiver has consented to Cassels making additional payments totalling approximately \$0.9 million from the Trust Funds.

***Preferences and Transfers at Undervalue***

16. In the course of its review of documents and communications as part of its duties as receiver, the Receiver identified issues that could potentially form the basis for a claim by a bankruptcy trustee pursuant to its rights and remedies under the BIA.
17. Among the transactions that the Receiver identified and that warrant further investigation by the bankruptcy trustee, are the following:
  - (i) amounts paid to Gibralt Capital Corporation, a private investment company that indirectly acquired a majority interest in the Skyservice chartered airline business on October 19, 2007 (according to the affidavit of Karim Nensi, sworn in support of the initial receivership application), which may potentially have been paid in relation to unearned management fees (in the range of approximately \$4 million, subject to further investigation); and
  - (ii) amounts paid to senior executives of Skyservice (in the range of \$400,000, subject to further investigation).

18. In accordance with the Order of the Honourable Mr. Justice Morawetz granted March 29, 2012, the Trustee has commenced actions in respect of the foregoing by way of Notice of Application in order to ensure that no issues would arise with respect to limitations periods.
19. In addition, as reported in the Receiver's Tenth Report, dated June 2, 2011 delivered in relation to the Sunwing Trust Motion, if an express trust is found in favour of Sunwing (which has not occurred to date), the transfer of such funds may also constitute a reviewable transaction.
20. The trustee will continue its investigations for the purpose of determining whether it is appropriate to pursue the actions noted above and identifying any other preferences or transactions at undervalue.

#### **ANTICIPATED DISTRIBUTION TO CREDITORS**

21. The following steps require completion in order to finalize the estate:
  - (i) Settlement or litigation in respect of escrow funds;
  - (ii) Finalization of claims to the Trust Funds;
  - (iii) Litigation of trust claims asserted by certain creditors;
  - (iv) Adjudication of claims pursuant to the Claims Procedure Order;
  - (v) Determination and prosecution, if appropriate, of potential claims in respect of preferences and transfers at undervalue; and
  - (vi) Distribution of funds in accordance with legal priorities to creditors with proven claims.
22. While it is currently anticipated that there will be funds available to unsecured creditors, the amount of the distribution, if any, will depend on the outcome of the matters listed above. Given the complexity of these matters, it is not possible, at this time, to estimate when distributions will be made or when the estate will be completed.

DATED at the City of Toronto, in the Province of Ontario this 19<sup>th</sup> day of April, 2012.

**FTI Consulting Canada Inc.**

Trustee of the Estate of Skyservice Airlines Inc., a Bankrupt

Per:

A handwritten signature in black ink, appearing to read 'N Meakin', written in a cursive style.

Nigel Meakin  
Senior Managing Director



Court file # CV-10-8647-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**IN THE MATTER OF THE RECEIVERSHIP OF  
SKYSERVICE AIRLINES INC.**

**BETWEEN:**

**THOMAS COOK CANADA INC.**

Applicant

- and -

**SKYSERVICE AIRLINES INC.**

Respondent

**(Application under s. 243(1) of the *Bankruptcy and Insolvency Act* and s. 101 of the *Courts of Justice Act* for a national receiver)**

**AFFIDAVIT OF KARIM NENSI  
(sworn March 31, 2010)**

I, Karim Nensi, of the City of Brampton, in the Region of Peel, MAKE OATH  
AND SAY:

1. I am the Chief Financial Officer for Thomas Cook Canada, Inc. ("TCCI") and have been personally involved in the contractual relationship between TCCI and Skyservice Airlines Inc. ("Skyservice"), a provider of chartered aircraft service. I therefore have personal knowledge of the matters hereinafter deposed to. Where my information is stated to be on information and belief, I believe this information to be true.

2. This affidavit is sworn in support of an application requesting an order to appoint a receiver of the assets, property, and undertakings of Skyservice under section 243(1) of the *Bankruptcy and Insolvency Act* ("BIA") and section 101 of the *Courts of Justice Act* ("CJA").

**TCCI and Skyservice**

3. TCCI is a company incorporated under the laws of Ontario and is headquartered in Toronto. It is an indirect subsidiary of Thomas Cook Group, PLC ("Thomas Cook"), a publicly held company with head offices in London, England. Thomas Cook is a leading international leisure travel group and is organized into five geographical divisions: the UK and Ireland, Continental Europe, Northern Europe, German Airlines, and North America.

4. TCCI is responsible for the Canadian operations of the North American division of Thomas Cook. It is a Canadian tour operator licensed under the *Travel Industry Act*. It has more than 1,000 employees in Canada and a network of tour operators, wholesalers and travel agencies throughout Canada operating under several brands. TCCI offers its customers a "one-stop shopping" experience for holidays and leisure travel: it charters flights under the Sunquest brand, arranges accommodations, travel insurance, and rental cars, and provides a complete array of related services. For the year 2009, TCCI made holiday arrangements for approximately 1.3 million customers for travel to destinations around the world. Approximately 305,000 of these customers flew on planes operated by Skyservice under the Sunquest brand during TCCI's winter season.

5. Skyservice is a Canadian commercial charter airline that operates principally out of Toronto. TCCI uses Skyservice to charter flights for TCCI's Sunquest customers; Skyservice leases commercial aircraft and provides the personnel to operate the aircraft. Skyservice has more than 1,000 employees and operates approximately 20 commercial aircraft for destinations

to Canada, the United States, the Caribbean, Mexico, and Europe. Because the industry is seasonal, the planes used by Skyservice during TCCI's winter season for Sunquest passengers departing from North America are used in Europe by Thomas Cook during the summer season.

6. Skyservice's majority shareholder is Gibralt Capital Corporation ("Gibralt"), which indirectly acquired a majority interest in the Skyservice chartered airline business on October 19, 2007. Gibralt is a private investment company headquartered in Vancouver, British Columbia.

7. In addition to being one of Skyservice's two primary customers, TCCI is also a significant secured creditor of Skyservice. As such, it has two roles: customer and lender.

#### **Contracts between TCCI and Skyservice**

##### ***(a) Term Sheet***

8. TCCI has various contractual relationships with Skyservice to meet the travel requirements of TCCI's Sunquest customers. A term sheet dated February 6, 2002, (the "Term Sheet") sets out the objectives of the relationship between TCCI and Skyservice. The Term Sheet is signed by Skyservice and My Travel Canada Holidays Inc., a predecessor company of TCCI. It became effective on November 1, 2002, and terminates in accordance with its terms on April 30, 2011. The Term Sheet is not attached to this affidavit because it contains commercially sensitive information relating to the role of TCCI as Skyservice's customer.

9. The Term Sheet contemplates the parties entering into Charter Agreements whereby, subject to certain exceptions, Skyservice would be TCCI's air carrier for the operation of dedicated aircraft, with a right of first refusal for any additional aircraft. Skyservice is entitled to three principal sources of compensation under the Term Sheet including: (i) an aircraft tail fee

(base compensation and aircraft months); (ii) commission on ad hoc flights on dedicated aircraft; and (iii) bonuses for achieving certain performance objectives.

***(b) Aircraft Sublease Agreements and Charter Agreements***

10. To meet its obligations to TCCI, Skyservice entered into Aircraft Sublease Agreements with various parties including Thomas Cook Airlines Limited ("Thomas Cook Airlines"), a related TCCI company. Skyservice and TCCI then entered into a Charter Agreement for each plane subleased by Skyservice and chartered by TCCI.

11. Thomas Cook Airlines and Skyservice entered into six Aircraft Sublease Agreements for three A320 Aircraft and three B757 Aircraft. They also entered into a number of agreements related to the Aircraft, such as Engine Sub-Lease Agreements, Airframe Sub-Lease Agreements, Intermediate Aircraft Lease Agreements, and Maintenance Agreements. Under the Maintenance Agreements, all of which are substantially similar, Skyservice, as the sub-lessee, agreed to be responsible for certain maintenance costs.

12. The parties entered into seven Charter Agreements, six corresponding to the Aircraft Sublease Agreements with Thomas Cook Airlines and one related to an aircraft subleased from another party. With the exception of the latter Charter Agreement, which was effective as November 1, 2001, and expires March 7, 2011, the remaining Charter Agreements were effective as of November 4, 2009, and expire between March 27 and April 26, 2010. The material terms of the Charter Agreements are as follows:

- (a) TCCI agreed to pay Skyservice a Charter Fee on a weekly basis at least seven days in advance of each flight;
- (b) Skyservice agreed to operate the Aircraft in accordance with the winter and summer programs set out in Schedule C of the Charter Agreement;

- (c) Skyservice agreed to deploy the Aircraft as may be requested by TCCI for flights to any destinations that may be served by such Aircraft type from Toronto or other Canadian departure points as may be agreed;
- (d) Skyservice agreed to provide all of the personnel, services and facilities associated with flights under the Charter Agreement and agreed to be responsible for placing hull and liability insurance for the subject Aircraft; and
- (e) Skyservice agreed to pay: (i) all costs related to operation of the Aircraft; (ii) all costs related to any interruption of any flight once the Aircraft was airborne; and (iii) salaries and all other expenses, including lodging and transportation to and from airports, for the flight crew and other personnel furnished in respect of the Aircraft.

13. The monies payable by TCCI to Skyservice under the Term Sheet and Charter Agreements fluctuate over the course of the year because the travel industry is seasonal. As of the date of the swearing of this affidavit, TCCI has made all payments owing to Skyservice under the various contractual arrangements.

*(c) Charter Transportation Agreements*

14. TCCI and Skyservice formalized the requirements for the winter and summer flight programs in various charter transportation agreements (the "Charter Transportation Agreements"). Each Charter Transportation Agreement sets out the data, origin, destination, number of seats, baggage allowance, and Charter Fee for the flight(s). The Agreements can relate to a flight that takes place once or to a flight that repeats over multiple rotations.

15. Skyservice concurrently followed a similar process with its other primary customer, Signature Vacations (the former Canadian subsidiary of TUI Travel PLC that is now amalgamated with Sunwing Vacations), to ensure that it had the ability to meet both TCCI's and Signature Vacations's needs. I estimate that TCCI and Signature Vacations represent 52% and 48% respectively of Skyservice's business.

**Skyservice's financial problems and TCCI's purchase of Skyservice's secured debt**

16. Over the past few months, Skyservice encountered financial problems and therefore approached TCCI with a view to amending the existing financial arrangements. In September 2009, one of Skyservice's principal customers, Signature Vacations, announced a proposed combination with Sunwing Vacations (an entity that has access to a fleet of Sunwing planes) that was completed in January 2010. Furthermore, I am informed by <sup>Rob Giguere (President and CEO of Skysen)</sup> Skyservice that Skyservice believed that Signature Vacations would likely seek to exit the relationship with Skyservice as a result of this combination.

17. This possibility was also implied to the public. In an article published in a French-language trade magazine, Colin Hunter, President of Sunwing, when speaking about the future of Signature Vacations and Sunwing in Quebec, said:

I don't believe this will take place in the context of harmonious business relationships. Continuing my reply to your question, Signature is still contractually bound to Skyservice for two years, in the rest of Canada. We were contacted by this carrier's management to explore our intentions. We will see what will come out of these discussions [translated].

The article is attached hereto as Exhibit "A".

18. In January 2010, Skyservice's principal secured lenders were Roynat Inc. and Integrated Private Debt Fund LP (the "Lenders") under a credit agreement (the "Credit Agreement"). Skyservice notified the Lenders that it was or would be in breach of certain financial covenants under the Credit Agreement. The Lenders took the view that the Signature Vacations merger with Sunwing Vacations called into question Skyservice's ability to remain a going concern over the long term such that there was an event of default under the Credit Agreement. I am also informed that there were further events of default <sup>by Johnny Ciampi (Director of the Board of Directors of Skyservice)</sup> of Skyservice.

19. In and around February 1, 2010, I was advised in a meeting attended by Rob Giguere (President and CEO of Skyservice) and Johnny Ciampi (Director on the Board of Skyservice) (together, the "Skyservice Representatives") and Jamie Farrar (Executive Vice President of Gibralt) that Skyservice would likely not be in a position to continue operations beyond February 5, 2010, without some financial assistance from TCCI.

20. I am informed by <sup>Johnny Ciampi</sup> ~~the Skyservice Representatives~~ that Skyservice told the Lenders that it was engaging in negotiations with TCCI whereby TCCI would provide funding to Skyservice. I am also informed that <sup>by Johnny Ciampi</sup> on January 29, 2010, the Lenders and Skyservice entered into a forbearance agreement to provide Skyservice with time to restructure its business and affairs.

21. TCCI is a significant stakeholder and would have been seriously impacted if Skyservice's financial position deteriorated to the point that it stopped providing services to TCCI for its Sunquest charters mid-season. For example, TCCI had more than 165,000 seats allocated for Sunquest passengers scheduled to travel between February 5 and April 30, 2010. TCCI's primary objectives were, therefore, to protect these passengers from any Skyservice operational disruption, to allow Skyservice and TCCI the opportunity to consider new arrangements for a working relationship that would mutually benefit both parties, and to give Skyservice time to restructure the operations and find alternative financing.

22. TCCI therefore purchased the debt obligations (the "Secured Debt") owed by Skyservice to the Lenders and all security granted by Skyservice in connection therewith through an Assignment and Assumption Agreement effective February 12, 2010. Approximately \$8.6 million is due and payable under the Secured Debt on March 30, 2010. A copy of the Assignment and Assumption Agreement is attached as Exhibit "B".

23. Simultaneously, TCCI and Skyservice entered into an Amended and Restated Credit Agreement reflecting the change in TCCI's role to secured lender. A copy of the Amended and Restated Credit Agreement, excluding commercially sensitive schedules, is attached as Exhibit "C".

24. Article 2.07 of the Amended and Restated Credit Agreement states that all guarantees and security granted by Skyservice listed in Schedule A to the Agreement would continue in full force and effect as security for the Secured Debt. In Article 2.11, Skyservice confirms that the security remains in place.

25. Schedule A of the Amended and Restated Credit Agreement sets out the security granted by Skyservice in favour of TCCI in respect of the Secured Debt (the "Security Documents"). These include:

- (a) A General Security Agreement given by Skyservice granting a security interest in all of Skyservice's property and assets (the "Skyservice GSA"). A copy of the Skyservice GSA is attached as Exhibit "D";
- (b) A Debenture (the "Building Debenture") granting security over a low-rise building in an industrial complex near Pearson International Airport in the GTA ("Pearson") that Skyservice purchased from the estate of Canada 3000 Airlines Ltd. A copy of the Building Debenture is attached as Exhibit "E";
- (c) A Debenture (the "Hangar Debenture") granting security over real and leasehold property at two hangars Skyservice leases from the Greater Toronto Airports Authority. A copy of the Hangar Debenture is attached as Exhibit "F";
- (d) An Intellectual Property Security Agreement given by Skyservice granting security over Skyservice's intellectual property (the "IP Security Agreement");
- (e) Guarantees of all obligations given by (i) 6761551 Canada Inc. ("676"), the shareholder of Skyservice, (the "676 Guarantee"); and (ii) 6806929 Canada Inc. ("680"), a predecessor by amalgamation to Skyservice (the "680 Guarantee"), among others; and
- (f) General Security Agreements given by (i) Skyservice's predecessor (the "675 GSA") granting a security interest in all of Skyservice's property and assets; (ii)



676 granting a security interest in all of 676's property and assets; and (iii) 680 granting a security interest in all of 680's property and assets, among others.

26. The Lenders registered their security documents under the PPSA. The registration dates are September 26 and October 9, 2007. TCCI preserved the dates of registration when it assumed the Secured Debt and the related security; it also registered the change in secured party under the PPSA.

27. One of the remedies of TCCI under the Skyservice GSA and other Security Documents is to apply to any court of competent jurisdiction for the appointment of a receiver for all or any portion of the Skyservice property and assets charged.

28. The Amended and Restated Credit Agreement is governed by the laws of Ontario and Canada as applicable (Article 3.07). In Article 3.08, the parties irrevocably attorn to the jurisdiction of the courts of Ontario, which will have non-exclusive jurisdiction over any matter arising out of the Agreement.

29. The Amended and Restated Credit Agreement contains a strict confidentiality provision that prevented TCCI from disclosing the fact that the agreement had been entered into as well as the terms of the agreement. In addition, as a significant secured creditor of Skyservice, TCCI could not disclose that Skyservice was experiencing financial difficulties: to do so would have been a breach of the lender-borrower confidential relationship. Also, such a disclosure would have the potential of seriously destabilizing Skyservice's existing operations and its attempts to structure its affairs with a view to continuing in the long term.

30. The Amended and Restated Credit Agreement required Skyservice to continue to retain FTI Consulting Canada Inc. ("FTI") to monitor the cash and payables position of Skyservice. FTI had been retained by Skyservice in January to report to the Lenders and provide

weekly monitoring of cash and payables. The scope of FTT's retainer included providing financial, strategic, and restructuring advice; assisting Skyservice in negotiating with customers and creditors; and providing a weekly report to TCCI, among others.

31. In addition, TCCI agreed to pay its tariffs to Skyservice without any set-off against the Secured Debt (article 2.05 of the Amended and Restated Credit Agreement). The parties entered into the First Amending Agreement on March 12, 2010, adjusting the tariff payable on March 23, 2010, to reflect a change to the flight schedule. The First Amending Agreement, excluding commercially sensitive schedules, is attached as Exhibit "G".

32. Finally, TCCI agreed to subordinate (the "Subordination Agreement") its security to that of Gibralt to a cap of \$7,087,500 plus enforcement expenses. Both parties agreed that Skyservice would not repay either Gibralt or TCCI before March 30, 2010, without prior written consent.

33. On March 30, 2010, Skyservice had a positive cash position with more than sufficient funds to repay the amount owing to Gibralt in full. I am informed by Jamie Farrar (Executive Vice President of Gibralt), that on March 30, 2010, as it was clear that Skyservice would not be able to reach an agreement with any other party to secure the necessary working capital or to achieve the cost structure required for a long-term viable model for continued operations, Gibralt sent a demand letter and a notice of intent to enforce security ("NOI") under section 244 of the BIA to Skyservice. The demand letter and NOI are attached hereto as Exhibits "H" and "I", respectively. I am informed by Graham Bailey, Skyservice's CFO, that on March 30, 2010, Skyservice transferred \$7,151,311.62 to Gibralt to repay the secured indebtedness owing to Gibralt.

34. Through these arrangements, TCCI supported Skyservice and not only permitted Skyservice to continue business in the short term but also afforded Skyservice more time to look for a longer term solution to its financial difficulties.

**Skyservice's efforts to preserve its business**

35. Article 2.09 of the Amended and Restated Credit Agreement required Skyservice and TCCI to "negotiate in good faith toward a long-term renewal of the existing business relationship between [Skyservice] and [TCCI]". Skyservice and TCCI have engaged in good faith negotiations and various proposals have been tabled; however, no agreement establishing a long-term renewal of the business has been reached.


36. Unfortunately, over the past few weeks, it became increasingly clear that Skyservice would not be able to reach an agreement with any other party to secure the necessary working capital or to achieve the cost structure required for a long-term viable model for continued operations.

**Appointing a Receiver**

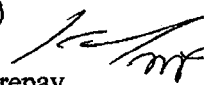
37. TCCI was confronted with some very difficult decisions arising from Skyservice's financial problems. TCCI was dependent on Skyservice for its chartered aircraft requirements to satisfy existing Sunquest travel commitments and was advised that Skyservice could cease operations as early as February 5, 2010, unless TCCI was prepared to transition from the role of Skyservice's customer to Skyservice's lender. The eventual agreement to do so was only made after considerable deliberation and after concluding that the proposed agreement represented the only opportunity for Skyservice to make new arrangements that would allow continued operations on a longer term basis.

38. The urgency of this situation is illustrated by the fact that TCCI negotiated and concluded the Assignment and Assumption Agreement and related documentation within a two-week period. Had these negotiations failed, Skyservice would have stopped operating at a much earlier date with the resulting adverse consequences to its customers and other stakeholders.

39. TCCI continued its negotiations with Skyservice following completion of the revised lending documentation; both parties recognized that a lot was at stake including the continuing employment of Skyservice's employees. Regrettably, Skyservice could not secure the additional working capital or requisite cost structure for continued operations that might have facilitated the negotiations of revised agreements with TCCI and possibly other customers. However, I believe that TCCI and Skyservice exhausted all potential avenues to address Skyservice's financial problems, including that TCCI has not withdrawn any capital from Skyservice other than payments in the ordinary course of business. Unfortunately, Skyservice's economic and financial hurdles were ultimately too great to overcome.

40. On March 29, 2010, I was informed by <sup>Robert Thornton, counsel to Skyservice</sup> Skyservice that all of Skyservice's directors and officers intended to resign on March 30, 2010. I am informed by my counsel, Mary Paterson, that the directors and officers resigned at approximately 5:30 p.m. on March 30, 2010. 

41. TCCI sent a demand letter and a NOI under section 244 of the BIA to Skyservice dated March 30, 2010. The demand letter and NOI are attached hereto as Exhibits "J" and "K", respectively.

42. The Skyservice Representatives <sup>(Rob Giguere and Johnny Ciampi)</sup> informed me that it will not be able to both repay the Secured Debt and continue operations after March 30, 2010, as it will not have sufficient working capital. I believe that Skyservice is insolvent. It no longer has directors or officers. A Court-appointed receiver is necessary to ensure an orderly wind-down of Skyservice's business 

and to protect stakeholders as well as to properly and efficiently dispose of Skyservice's real and leasehold property and other assets for the benefit of Skyservice's creditors.

43. Skyservice has acknowledged receipt of the demand and NOI, that the Secured Debt is due and owing, that it is unable to make payment of the Secured Debt, and has consented to the immediate enforcement of the security described in the NOI, and waived the 10-day period referred to in section 244(2) of the BIA. This acknowledgement and consent to earlier enforcement of security is attached hereto as Exhibit "L".

**Impact of the Receivership**

44. Skyservice currently has two primary customers: TCCI and Signature Vacations. If a receiver is appointed, then the operations of Skyservice will cease and passengers on TCCI's and Signature Vacations's tours must travel to and from their destinations on planes operated by a different provider.

45. When service is disrupted mid-season and travellers are stranded at their destination, the *Travel Industry Act* and regulations obliges tour operators like TCCI to offer the customer the choice of a full and immediate refund or comparable alternate travel services acceptable to the customer. TCCI does not have a fleet of aircraft to transport its Sunquest customers and therefore has purchased capacity on other providers' aircraft to ensure that travellers will return home with minimal disruption. As of the date of swearing this affidavit, comparable alternatives have been located for all TCCI Sunquest travellers, including the 3,050 travellers who will be at their holiday destination on March 31 and the approximately 7,000 travellers leaving for vacation after March 31, 2010.

46. I am not aware of the extent, if any, of discussions between Signature Vacations and Skyservice relating to Skyservice's financial problems and the fact that Skyservice is

financially unable to continue operations beyond March 30, 2010. If Signature Vacations is not aware of these circumstances, it will be confronted with a 'hard stop' and will have to immediately take steps to address the travel requirements of its customers. The tour operation business often has to confront operational issues such as this as the economic prospects of airline carriers have been uncertain in recent years and tour operators have gained experience in dealing with this type of situation, including the 'hard stop' of Jetsgo, CanJet, and Canada 3000. The recent merger between Signature Vacations and Sunwing Vacations will likely assist in providing solutions to Signature Vacations through Sunwing Airlines. Otherwise, Signature Vacations will have to access the available capacity of other Canadian airlines as its destinations are served by multiple carriers.

47. I have been advised by Rob Giguere (President and CEO of Skyservice) that Skyservice is scheduled to operate one flight for another tour operator on Wednesday, March 31, with approximately 180 outbound passengers and 190 inbound passengers. I have also been advised that Skyservice is scheduled to operate five flights on Thursday and seven flights on Friday for another tour operator. TCCI has arranged for the availability of selected flight capacity that will be made available to assist other tour operators, if they so choose, in the ordinary course of making arrangements for alternative transportation for passengers in the 48 hours after the Receiver is appointed (or longer if necessary and possible).

48. Skyservice also has other European customers that use Skyservice during the summer months, including the European related company of TCCI. As far as I am aware, none of those customers have passengers currently at their destination; thus, no passengers will be stranded. In addition, as far as I am aware, these European customers will have some time to find a different service provider so the travellers may go on their vacations with minimal disruption.

49. Notwithstanding that TCCI has been able to transition the travel requirements of its customers, TCCI will suffer financially when Skyservice ceases operations. TCCI pays Skyservice in advance for flights based on estimates of costs. However, costs change and, by the end of the flight season, there is a variance between the amount the tour operator paid to Skyservice and the amount that should have been paid. This variance can be owed by or to Skyservice. As of the date of swearing this affidavit, Skyservice owes TCCI approximately \$12 million.

### Role of the Receiver<sup>1</sup>

#### *(a) Preserving and realizing on assets*

50. The role of the Receiver will be to realize on Skyservice's assets and manage creditor and stakeholder concerns in an efficient and orderly fashion. The Receiver will not operate Skyservice's business. A court-ordered stay will be necessary to assist the Receiver in ensuring that creditors are paid in the proper priority. Furthermore, I have been informed by ~~Skyservice~~ *Graham Bailey, the Chief Financial Officer of Skyservice, and Jamie Farrar* that they will have in excess of \$8 million in cash as of the close of business on March 30, 2010. The appointment of a Receiver is therefore required to ensure that no creditors of Skyservice take precipitous steps to get control of the cash to the prejudice of other stakeholders who may also have claims to such monies. In this manner, the rights of the stakeholders will be safeguarded and the Receiver will have some breathing space to assess any competing claims asserted against Skyservice's assets. *mf*

51. As mentioned above, Skyservice owns a low-rise industrial building near Pearson. In addition, Skyservice owns hangar(s) at Pearson on land subleased from the Greater Toronto Airports Authority. Skyservice may have other physical assets and certainly leases space at

<sup>1</sup> Much of the information I set out in this affidavit about Skyservice's financial affairs I learned from FTI's reports. See paragraph 27 above.

airports across the country and around the world. The Receiver will also realize on Skyservice's accounts receivable and any other assets, including intellectual property.

*(b) Managing stakeholder concerns*

52. Skyservice has five categories of operationally important stakeholders: navigation fees, handling fees, fuel, landing fees, and other.

53. Skyservice pays navigation fees to Nav Canada and the Federal Aviation Administration for overflight fees. As of March 22, 2010, the accrual account payable is \$1,426,404. In addition, Skyservice pays handling fees to GlobeGround, Ogden Aviation Mexico, and others for other services received at the respective airports. As of March 22, 2010, the accrual account payable is \$700,716.

54. Skyservice prepays Imperial Oil and World Fuel Services Inc. for its fuel. Skyservice prepays landing fees to the Greater Toronto Airports Authority. It also prepays ground handling and passenger taxes in Cuba, Mexico, and the Dominican Republic and for tourist cards in Cuba and the Dominican Republic. As a result, I believe that none of these stakeholders are creditors.

55. As described above, Skyservice leases certain of its planes from Thomas Cook Airlines. In the ordinary course of Skyservice's business, the planes would return to Europe to provide flights in Europe during the summer. Thomas Cook Airlines requested that the planes be returned to Europe by the end of March to prepare for the summer season; I believe that all of Thomas Cook Airlines' planes will be in Europe on or before March 31. Thomas Cook Airlines was also aware of Skyservice's financial difficulties and the likelihood that Skyservice would not have the funds to operate after March 30, 2010.



56. I have no information about the location of the other planes leased by Skyservice and the Receiver will have to co-ordinate any issues with the lessors of such planes.

57. I am informed by <sup>Rob Giguere</sup> ~~Skyservice~~ and believe that Skyservice has paid all of its employees' wages, vacation pay and overtime, as well as employee overtime and employee/employer deductions on payroll and vacation pay such that no money is currently owing to any of the employees. Skyservice also paid other statutory priority payables, including GST and PST. Skyservice made these payments with money that it set aside approximately three months ago. I understand that this step was taken by the officers and directors of Skyservice to ensure that all such obligations were satisfied in full in the event that Skyservice was ultimately unable to continue operations after March 30, 2010.

**Requirements in section 243(1) of the BIA**

58. TCCI is a secured creditor of Skyservice. Although due and payable, Skyservice has not paid the amount owing to TCCI under the Amended and Restated Credit Agreement. Skyservice's failure to pay is an event of default under article 2.06(a) of the Amended and Restated Credit Agreement.

59. TCCI is committed to ensuring that the best steps are taken for the benefit of all stakeholders in a situation that is recognized as being difficult and, because of the nature of Skyservice's business, urgent. In this regard, it has approached FTI, which already has an understanding of Skyservice's assets and obligations, to act as Receiver and a copy of the executed consent of FTI is attached as Exhibit "M". FTI is a licensed trustee.

**Receiver's Charge**

60. I am informed by my counsel, Mary Paterson, that the model order for receiverships grants the Receiver a charge on the Property as security for fees and disbursements

incurred before and after the Court appoints the Receiver (the "Receiver's Charge"). I am informed that the Court can order that the Receiver's charge be in priority to other validly attached and perfected security interests subject to the Court being satisfied that such a priority is appropriate in the circumstances.

61. This application for an order appointing FTI as Receiver of Skyservice is being brought without notice to several secured creditors. I am informed by my counsel, Mary Paterson, that the PPSA search for Skyservice (and its French names) fills a banker's box. I am informed that the summary of this PPSA search is 757 pages long. The vast majority of the registrations relate to specific assets (such as aircraft or aircraft leases).

62. TCCI does not intend to seek a Court order that would place the Receiver's Charge ahead of any validly registered mortgage, lien or charge on the real property of the Debtor or ahead of any validly attached and perfected security interest in a specific identified asset of the Debtor identified on the PPSA register.

63. Only four secured creditors have registrations set out in the PPSA Register that do not appear to relate to a specific asset. On March 29, 2010, I was informed by Sabah Mirza, Skyservice's former general counsel, that, to the best of her knowledge, she believes that one of these secured creditors (PNC Bank, National Association) in fact only has security over specified aircraft components and not general security. Another secured creditor (IOS Financial Services) only has security over specific photocopiers and printers that are leased by Skyservice and not general security. The third registration, that of CBSC Capital, relates to a lease of photocopier and printing equipment that is no longer in place such that the PPSA registration should have been discharged. The final secured creditor (Royal Bank of Canada) registered security related to letters of credit; however, I am informed that these letters of credit are cash collateralized.


**Confidential information**


64. The tour operator industry is a highly competitive industry. Some of the schedules to the exhibits attached to this affidavit contain sensitive pricing information. TCCI and its senior management have developed significant expertise in negotiating agreements that are particular to its operating business model and are always kept confidential. Disclosing the sensitive pricing information contained in the exhibits would therefore be prejudicial to TCCI's future operations as competitors will know TCCI's pricing sensitivities and will gain unfair advantage in negotiations with airline carriers and customer pricing. TCCI therefore did not include these schedules in the exhibits to this affidavit and, if requested, will produce them for inspection by this Honourable Court together with a request for a sealing order.

**Conclusion**

65. A receiver appointed under section 243(1) of the BIA will be able to ensure an orderly wind-down of Skyservice's operations: it will address the concerns of passengers, tour operators, and other stakeholders and creditors and ensure fair treatment of all such stakeholders.

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario, on  
March 31, 2010.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
(Mary Paterson)

  
\_\_\_\_\_  
Karim Nensi

**Schedule E: Statement of Affairs**

FORM 78

Statement of Affairs (Business Bankruptcy/Proposal)  
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

(Title Form 1)

Original  Amended

To the bankrupt/debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of your bankruptcy / date of filing your proposal (or, if applicable, notice of intention) on the 29<sup>th</sup> day of March 2012. When completed, this form and the applicable attachments will constitute your Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES  
(as stated and estimated by bankrupt/debtor)

1. Unsecured creditors as per list "A" . . . . .	\$64,015,000
2. Secured creditors as per list "B" . . . . .	\$ 231,804
3. Preferred creditors as per list "C" . . . . .	\$
4. Contingent, trust claims or other liabilities as per list "D" estimated to be reclaimable for . . . . .	\$36,974,066
<hr/>	
Total liabilities . . . . .	\$101,220,870
Surplus . . . . .	\$

I, \_\_\_\_\_, of the \_\_\_\_\_ of \_\_\_\_\_ in the Province of \_\_\_\_\_, do swear (or solemnly declare) that this statement and the attached lists are, to the best of my knowledge, a full, true and complete statement of my affairs on the \_\_\_\_\_ day of \_\_\_\_\_ and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED)  
before me at \_\_\_\_\_ (city, town or village),  
in the Province of \_\_\_\_\_,  
on this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Commissioner of Oaths      Signature of bankrupt/debtor  
for the Province of \_\_\_\_\_.

per. Nigel D. Meachin  
Senior Manager Director

FTI Consulting Canada Inc.  
in its capacity as court-appointed Receiver  
of Shergo Airlines Inc. and not in  
its personal capacity.

ASSETS  
(as stated and estimated by bankrupt/debtor)

1. Inventory . . . . .	\$	
2. Trade fixtures, etc. . . . .	\$	
3. Accounts receivable and other receivables as per list "E" . . . . .		
Good . . . . .	\$	
Doubtful . . . . .	\$	
Bad . . . . .	\$	
Estimated to produce	\$	\$
4. Bills of exchange, promissory note, etc. as per list "F" . . . . .	\$	
5. Deposits in financial institutions . . . . .	\$	\$10,034,000
6. Cash . . . . .	\$	
7. Livestock . . . . .	\$	
8. Machinery, equipment and plant . . . . .	\$	
9. Real property or immovables as per list "G" . . . . .	\$	
10. Furniture . . . . .	\$	
11. RRSPs, RRIFs, life insurance, etc. . . . .	\$	
12. Securities (shares, bonds, debentures, etc.) . . . . .	\$	
13. Interests under wills . . . . .	\$	
14. Vehicles . . . . .	\$	
15. Other property as per list "H" _____ . . . . .	\$	
_____ . . . . .	\$	\$ Unknown/TBD

If bankrupt/debtor is a corporation, add:

Amount of subscribed capital	\$
Amount paid on capital . . . . .	\$

Balance subscribed and unpaid . . . . .	\$
Estimated to produce . . . . .	\$

Total assets . . . . .	\$10,034,000
Deficiency . . . . .	\$91,186,870

Summary Chart of Liabilities - Detailed Listings to be provided in e-filing

CAD \$000's

Claim Adjudication Summary	Number	Value
<b>Secured/Trust/Property:</b>		
Accepted	14 \$	110.68
Under Review <sup>2</sup>	3	37,095.19
	17	37,206
<b>Unsecured:</b>		
Accepted	1,081	11,784.25
Under Review	23	52,230.75
	1,104	64,015
<b>Total<sup>1</sup></b>	<b>1,121 \$</b>	<b>101,220.87</b>

<sup>1</sup> Former employee claims have been separated out from their union and association groupings and into individual claims

<sup>2</sup> In the event that a claim was submitted as both secured and unsecured, the amounts have been presented in the Secured/Trust/Property claim category only to avoid duplication of claimed amounts.