



Court File No. 09-CL-8456-OOCL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE *MR*) WEDNESDAY, THE 10TH
JUSTICE *MORAWETZ*)
) DAY OF FEBRUARY, 2010

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

**AND IN THE MATTER OF JAMES ROBERT TUCKER, RICHARD HEIS AND
ALLAN WATSON GRAHAM OF KPMG LLP, AS JOINT ADMINISTRATORS**

Applicants

**AND IN THE MATTER OF AERO INVENTORY (UK) LIMITED
and AERO INVENTORY PLC**

Respondents


**APPLICATION UNDER SECTIONS 46 AND FOLLOWING OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED**

ORDER

THIS MOTION, made by the Applicants for an Order pursuant to section 49 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36. as amended, and sub-sections 187(11) and (12) of the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985. c. B-3 as amended (the "BIA"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the report of KPMG Inc, in its capacity as Information Officer and trustee in bankruptcy (the "Trustee") of the respondents Aero Inventory (UK) Limited and Aero Inventory Plc (collectively, the "Foreign Debtors") dated February 4, 2010 and on hearing the submissions of counsel for the Applicants, *Air Canada, Arca Fleet Performance Inc.* no one appearing for any other party although duly served as appears from the affidavit of service of Mansoor Khalifa sworn February 4, 2010,

1. **THIS COURT ORDERS** that the time for service of the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the time periods for the Trustee to perform its statutory obligations prescribed by Sections 16, 21, 22, 24, 27 (save for such reports as may be required pursuant to subsection 27(c)) and 102 of the BIA are hereby extended *nunc pro tunc* until further Order of this Honourable Court, and until such Order is made, the Trustee shall be relieved from performing any such obligations.
3. **THIS COURT ORDERS** that the time periods for the Foreign Debtors to perform their obligations pursuant to Section 158 of the BIA shall be extended *nunc pro tunc* until further Order of this Honourable Court, and until such Order is made, the Foreign Debtors shall be relieved from performing any such obligations.
4. **THIS COURT ORDERS** that the Trustee is hereby authorized and directed to cause to be delivered by regular mail to all known creditors of the Foreign Debtors a notice in the form of Schedule "A" attached hereto, and the form of such notice is hereby approved.
5. **THIS COURT ORDERS** that the Foreign Representatives, recognized by Order of this Court dated November 11, 2009, shall be authorized to provide direction to the Trustee as required, including the authority to direct and supervise the Trustee to pursue a claim under sections 95 and 96 of the BIA, subject to the review of this Court at the instance of the Trustee or any interested party.



ENTERED AT / INSCRIT A TORONTO
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LE / DANS LE REGISTRE NO.:

FEB 10 2010

PER / PAR: *JSN* Joanne Nicoara
Registrar, Superior Court of Justice

SCHEDULE "A"
FORM OF NOTICE TO CREDITORS



KPMG Inc.
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-3364
Internet www.kpmg.ca

VIA ORDINARY MAIL

To Whom It May Concern:

February 4, 2010

Dear Sirs/Mesdames:

Re: Aero Inventory (UK) Limited and Aero Inventory Plc

We are writing to you in our capacity as Trustee in Bankruptcy of Aero Inventory (UK) Limited and Aero Inventory Plc.

Background

Aero Inventory (UK) Limited (in administration) and Aero Inventory plc (in administration) (collectively, the "Foreign Debtors") and their various affiliates form an integrated and interdependent group of companies that supply parts to the airline industry. The Foreign Debtors became unable to pay their debts as they became due and certain lenders made demands for repayment of loans. On November 11, 2009, administration proceedings (collectively, the "Foreign Proceedings") were commenced in respect of each of the Foreign Debtors in the High Court of Justice of England and Wales (Chancery Division, Companies Court) (the "English Court"). Pursuant to orders issued by the English Court in the Foreign Proceedings, James Robert Tucker, Richard Heis and Allan Watson Graham of KPMG LLP (collectively, the "Foreign Representatives") were appointed as joint administrators of the affairs, business and property of the Foreign Debtors.

Pursuant to the Foreign Proceedings, and in accordance with paragraph 49(4)(b) of Schedule B1 to the Insolvency Act 1986, on or around January 4, 2010, the Foreign Representatives prepared and sent Form 2.17B to all of the Foreign Debtors' known creditors worldwide advising that the secured creditors will suffer a significant shortfall and there will be no funds available for distribution to unsecured creditors with the exception of certain UK statutory priority claims.

Trustee's Appointment

On Friday January 22, 2010, the Foreign Representatives assigned the Foreign Debtors into bankruptcy, pursuant to the *Bankruptcy and Insolvency Act* ("BIA") of Canada, and KPMG Inc. was named as the Trustee in Bankruptcy (the "Trustee").



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The purpose of the bankruptcies was to preserve the rights of a trustee in bankruptcy to pursue any reviewable transactions, settlements and preferences or conveyances under value which may have taken place in Canada during the statutory time period prescribed by the BIA. The assets of the Foreign Debtors are subject to a security interest in favour of a lending syndicate and therefore it is expected that the Trustee's role will be limited.

Accordingly, the Trustee is writing to all known creditors of the Foreign Debtors to advise as follows:

- (a) Aero Inventory (UK) Limited and Aero Inventory Plc have been assigned into bankruptcy;
- (b) The Trustee has created a website www.kpmg.ca/en/ms/cl/aeroinventory where any further updates on these proceedings will be available, and where a copy of the assignments in bankruptcy, the statement of affairs and the creditors list may be found;
- (c) No creditors' meeting or claims process will be conducted by the Trustee until further Order of the Ontario Superior Court of Justice; and
- (d) The security of the lending syndicate will be reviewed and the results thereof will be posted on the Trustee's website.

Please contact the undersigned via e-mail at nbrearton@kpmg.ca if you have any questions.

Yours truly,

KPMG INC.

in its capacity as Trustee of the Bankrupt Estates of
Aero Inventory (UK) Limited and Aero Inventory Plc
and not in its personal capacity

Per: Nicholas Brearton
Senior Vice-President

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

Court File No: 09-CL-8456-00CL

AND IN THE MATTER OF JAMES ROBERT TUCKER, RICHARD HEIS AND ALLAN WATSON GRAHAM OF KPMG LLP, AS JOINT ADMINISTRATORS (Applicants)

AND IN THE MATTER OF AERO INVENTORY (UK) LIMITED and AERO INVENTORY PLC (Respondents)

APPLICATION UNDER SECTIONS 46 AND FOLLOWING OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

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