

Appendix I



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Attention: Diane Mazuroski – Zip 1453
Senior Director, ACM

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11 November 2009

Dear Sirs/Mesdames:

Aero Inventory PLC (“AI”) and Aero Inventory (UK) Limited (“AIUK”) (in administration)

I am writing to let you know that, following an order (the “UK Order”) made by the UK High Court this morning I, together with Richard Heis and Allan Graham, have been appointed as joint administrators (“the administrators”) of Aero Inventory PLC (“AI”) and Aero Inventory (UK) Limited (“AIUK”, together “the Companies”). An order of the Supreme Court of Ontario (Commercial Division), amongst other things, recognizing and enforcing the UK Order in Canada was also issued (the “Ontario Order” and together with the UK Order, the “Orders”). We hope to speak to you shortly to discuss the current position.

Copies of the Orders will be provided under separate cover.

Administration is a UK insolvency procedure. Its purpose is to protect and then realise assets for the benefit of creditors, under the supervision of the UK Court (with parallel Canadian recognition).

As you know, AI is a publicly listed company in the UK. AIUK is the operating subsidiary which owns assets in a number of jurisdictions, including Canada. AIUK has also a contract with you pursuant to which it has agreed to supply stock (the “Contract”).

Additional legal background

To give you further background on our appointment, as administrators we are officers of the UK and Ontario Courts, responsible for managing the business and assets of the UK companies. Upon our appointment, a statutory moratorium and stay comes in to force which, in general terms, prevents any creditor taking action against either AI or AIUK without the consent of either Courts or the administrators.

The administrators act at all times as agent of AI/AIUK and have no personal liability whether in contract or tort or otherwise.

Key commercial items

We understand the utmost priority for you is the continuity of the supply of parts under the Contract and the protection of your operations.

The primary purpose of this letter is to commence a discussion with you with the ultimate objective of agreeing new contractual terms that will meet both your objectives and those of the Companies.

I wish to reiterate that the Companies consent to your continued draw down of AI Stock (referred to below), but on the following terms:

1. all Parts (as defined in the Contract), stock and other property of AI (collectively, the "AI Stock") removed, utilized or consumed by you following the effective date of the Orders will be paid for by you at the pricing specified in Section 21 of the Contract without set-off (legal or equitable), deduction, lien, reduction, rebate, charge, fee, damages (whether or not liquidated), dispute, counterclaim or contest whatsoever (a "Set-off"), whether or not otherwise permitted in the Contract, with five (5) business days of the end of the month during which the AI Stock is so removed, utilized or consumed;
2. for the avoidance of doubt, no Set-offs, whether or not otherwise permitted under Sections 16, 17.1, 20.9, 20.11 or 20.12 or otherwise under the Contract, will reduce any amounts payable as provided in items 1 and 6. Any liquidated or other damages, other Set-offs or other amounts that you consider due to you shall rank as unsecured creditor claims;
3. that all AI Stock planned to be used by you in your planned maintenance schedules over a period to be agreed to by you and the administrators remains on your premises and available for you subject to payment as provided in item 1 and all obligations of segregation, safe care provided for in the Contract provided that no AI Stock is moved between permitted locations under the Contract without first notifying the administrators;

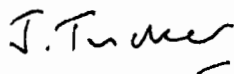
4. that all other AI Stock is picked and packed using your personnel, and then shipped at the Companies' expense, to a third party location of the administrators' choosing, within three months – exact period to be agreed;
5. that you promptly upon request and in any event within 3 months in the case of AI Stock to be removed provide all part traceability, ownership and other material documentation, data and records in relation to any AI Stock, so that among other things it achieves full sale value under either 3 or 4 above, failing which you will pay the Companies the full contract sale price for that stock;
6. that you pay the current debt due to the Companies within three business days. A schedule of the current debt due will follow under separate cover;
7. that we engage commercially on the ongoing treatment of inventory returns;
8. along similar lines to the existing trading relationship, that any stock supplied to you by the Companies acting by their administrators, will be on the basis that there is no product liability falling on either the Companies or the administrators;
9. that you will be responsible for all Health and Safety issues arising at your premises where the AI Stock is located;
10. that we immediately agree upon a process to complete a full physical stock count and inventory audit (including review of receipt, storage and usage of Parts) as soon as is practicable. As a fallback, you provide the Companies access to your stock control system in order that the stock levels as at the time of our appointment can be validated; and

Please confirm by return to the sender (with a copy to Ogilvy Renault LLP, Attention: Kevin J. Morley, Suite 3800, Royal Bank Plaza, South Tower, 200 Bay Street, P. O. Box 84, Toronto, Ontario, M5H 2Z4) your agreement to items 1 to 10 set out above. For the avoidance of doubt, without your immediate express agreement to item 1 above, payment in full for stock consumed by you, you should cease to access any AI Stock in accordance with the terms hereof and the Orders.

We should like to meet you in person in order to progress the overall discussions concerning your requirements and the Companies' requirements. In practice that will take some days to arrange. In the meantime, your local KPMG contact is Nick Brearton (Telephone (416) 777 3768 Email nbrearton@kpmg.ca). In the interests of shortening any communication lines, it may make sense for you to send your response to this letter to both Nick and to me.

We very much look forward to the Companies continuing business with you, and supplying on these new terms and conditions, to avoid any disruption to your operations.

Yours faithfully
for Aero Inventory Plc and Aero Inventory (UK) Limited (both in administration)



JR Tucker
Joint Administrator

The affairs, business and property of the company are being managed by the joint administrators

Jim Tucker, Richard Heis and Allan Graham are authorised to act as insolvency practitioners by the Institute of Chartered Accountants in England & Wales