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SETTLEMENT AND LABOUR SUPPLY AGREEMENT

THIS AGREEMENT is made as of December 31, 2010.

AMONGST:

AERO INVENTORY (UK) LIMITED (IN ADMINISTRATION), a company registered in England under company number 02904862 and with its registered office at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB acting by its joint administrators James Robert Tucker, Richard Heis and Allan Watson Graham of KPMG LLP (the "**Administrators**");

hereinafter called "Aero"

-and-

AERO INVENTORY PLC (IN ADMINISTRATION), a company registered in England under company number 02887038 and with its registered office at KPMG LLP, 8 Salisbury Square, London EC4Y 8BB acting by the Administrators;

hereinafter called "Aero PLC"

-and-

THE ADMINISTRATORS

-and-

AERO INVENTORY (CANADA) INC./AERO INVENTAIRE (CANADA) INC.;

hereinafter called "Aero Canada"

- and –

AVEOS FLEET PERFORMANCE INC.;

hereinafter called "Aveos"

- and –

AEROMANTENIMIENTO, S.A.;

hereinafter called "Aeroman".

WHEREAS Aero was in the business of providing comprehensive procurement and inventory management services to the aerospace industry;

AND WHEREAS Aveos and Aero are parties to an Agreement for the Supply and Management of Consumable and Expendable Spares, dated November 15, 2007 (the "2007 Agreement"), as

amended by a Side Letter, effective as of October 5, 2009 (the "Side Agreement" and, collectively, with the 2007 Agreement, the "Supply Agreements");

AND WHEREAS Aeroman and Aero are parties to an agreement, executed by Aero on April 18, 2008 and executed by Aeroman on April 24, 2008 (the "Aeroman Supply Agreement") and a Technical Assistance Services Agreement dated April 29, 2009 (the "Aeroman Service Agreement");

AND WHEREAS Aeroman is entitled to the rights and is subject to the obligations of the Supply Agreements as though it was a party thereto;

AND WHEREAS Aero and Aero PLC are currently subject to, *inter alia,* insolvency proceedings in the United Kingdom and in Canada (collectively, the "Proceedings"), commenced by order of the High Court of Justice of England and Wales (Chancery Division) and of the Ontario Superior Court of Justice (Commercial List) (the "CCAA Court") on November 11, 2009 (the "Filing Date") and Aero Canada is subject to receivership proceedings commenced in the CCAA Court on December 1, 2009;

AND WHEREAS the parties hereto wish to record their understanding and agreement with respect to the settlement of their respective accounts, both before and after the Filing Date and to provide for the manner in which the inventory of Aero now held by Aveos, TACA (as defined below) and Aeroman will be dealt with;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to the terms set out below:

SECTION 1 - **DEFINITIONS**

1.1 In this Agreement:

(a) "2007 Agreement" has the meaning ascribed thereto in the recitals;

(b) "ACTS Historical Consumption Analysis" has the meaning ascribed thereto in the 2007 Agreement;

(c) "Aero Inventory Group" has the meaning ascribed thereto in the 2007 Agreement;

(d) "Aero Inventory Group Company" has the meaning ascribed thereto in the 2007 Agreement;

(e) "Aeroman Service Agreement" has the meaning ascribed thereto in the recitals;

(f) "Aeroman Supply Agreement" has the meaning ascribed thereto in the recitals;

(g) "Aero Releasors" has the meaning ascribed thereto in Section 2.1;

(h) "Aero Released Claims" has the meaning ascribed thereto in Section 2.1;

(i) "Airworthiness Agreement" means the Airworthiness Agreement for the Supply and Management of Consumable and Expendable Spares between Aero and Aveos issued November 8, 2007;

(j) "Authorized Release Certificate" means a document issued in accordance with approved Transport Canada procedures that attests that a Part has been determined to conform to applicable standards of airworthiness and is released to service;

(k) "Aveos Bin Percentage" means the proportion that the number of bins occupied by Parts at the Aveos facilities where Parts are located bears to the total number of bins occupied by Parts at all Aveos Parties Facilities as of the Effective Date.

(l) "Aveos Data" has the meaning ascribed to the term "ACTS Data" in the 2007 Agreement if the term "ACTS" were replaced with the term "Aveos" in that definition;

(m) "Aveos Forecast" means a forecast provided by Aveos on a facility-by-facility basis, and agreed to by Aero acting reasonably, specifying the types and quantities of Parts that Aveos expects to consume in the four month period following the removal of the first Listed Part from the applicable Aveos Uplift Site. Such forecast shall include, without limitation, the following information: monthly projected consumption volume of Parts classified by ACID and by Aveos Prime Location;

(n) "Aveos Group" has the meaning ascribed to "ACTS Group" in the 2007 Agreement if the term "ACTS" were replaced with the term "Aveos" in that definition;

(o) "Aveos Group Company" has the meaning ascribed to "ACTS Group Company" in the 2007 Agreement if the term "ACTS" were replaced with the term "Aveos" in that definition;

(p) "Aveos Parties" means Aveos and Aeroman and "Aveos Party" means any one of them individually;

(q) "Aveos Parties Facilities" means, collectively, the facilities occupied or controlled by Aveos or Aeroman or third party facilities at which Parts or Disputed Parts are located as of the Court Approval Date, and "Aveos Parties Facility" means any one of the Aveos Parties Facilities;

(r) "Aveos Prime Location" has the meaning ascribed to ACTS Prime Location in the 2007 Agreement if the term "ACTS" were replaced with the term "Aveos" in that definition, with the exclusion of Memphis and El Salvador;

(s) "Aveos Purchased Assets" means, collectively, the Initial Aveos Purchased Assets, the Interim Aveos Purchased Assets, and the Termination Date Aveos Purchased Assets;

(t) "Aveos Releasors" has the meaning ascribed thereto in Section 2.1;

(u) "Aveos Released Claims" has the meaning ascribed thereto in Section 2.1;

(v) "Average Inventory Price " means ARTOS evaluation price, in respect of Parts consumed by Aveos (including Parts consumed by TACA at the direction of Aveos) and Airsoft weighted average price, in respect of Parts consumed by Aeroman, in each case, as at October 5, 2009;

(w) "Business Day" means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are required or authorized to close in Montreal, Quebec or, in cases where a particular action is to be undertaken in El Salvador on a Business Day, "Business Day" will be interpreted to mean any day of the year other than Saturday, Sunday or a public holiday in El Salvador;

(x) "CCAA Court" has the meaning ascribed thereto in the recitals;

(y) "C&E" means category 3 consumable and expendable aircraft spare parts used in the maintenance of commercial aircraft which are either single use items that are not capable of repair or items which after the performance of certain procedures are re-certifiable for limited periods, and for greater certainty the parties understand that such parts do not include any parts that are classified on the United States Munitions List adopted under the International Traffic in Arms Regulation of the United States;

(z) "Competitor" means any Person whose principal business includes performing aircraft engine services, aircraft components maintenance or aircraft airframe maintenance services; and for greater certainty, any Person whose principal business consists of providing financing, including any financial institution or other financial capital provider, shall not be considered a Competitor;

(aa) "Confidential Information" means all information disclosed by one party (the "Disclosing Party") to another party (the "Recipient") in connection with this Agreement, the Supply Agreements, the Aeroman Supply Agreement, the Aeroman Service Agreement, the Airworthiness Agreement or any agreements ancillary thereto (i) that is marked or otherwise identified in writing by a Disclosing Party as proprietary or confidential, or (ii) that, under the circumstances surrounding the disclosure or by reason of its nature, ought in good faith to be treated as proprietary or confidential by a reasonable Recipient, and all copies, notes and records and all related information based on or arising out of any such disclosure, except that Confidential Information shall not include information that is:

(i) in the public domain otherwise than by breach of this Agreement or a similar confidentiality undertaking between the Disclosing Party and the Recipient;

(ii) received from an independent third party who had obtained the information lawfully and was under no obligation of secrecy or duty of confidentiality to the Disclosing Party;

(iii) independently developed or known by the Recipient;

(iv) in the possession of a Recipient otherwise than by breach of this Agreement, provided that such information is not otherwise subject to confidentiality undertakings pursuant to any agreement between the Recipient and any of the other parties hereto, including without limitation the Supply Agreements, the Aeroman Supply Agreement, the Airworthiness Agreement, the Aeroman Service Agreement; or

(v) required to be disclosed by the Recipient pursuant to statutory or regulatory requirements or an order of a court of competent jurisdiction;

(bb) "Conforming" means, in respect of a Part, that sufficient documentation to satisfy the relevant authorities that the Part conforms to applicable standards of airworthiness, as per applicable Transport Canada requirements, has been made available by the Aveos Parties to Aero. This includes, as applicable and without limitation, forms such as Transport Canada 24-0078 or Form One, FAA 8130-3, EASA Form One or a Manufacturer' Certificate of Conformity if such a manufacturer's certificate would be sufficient to satisfy the relevant authorities that the Part conforms to applicable standards of airworthiness as per applicable Transport Canada requirements;

(cc) "Contract Manager" means, in respect of each of Aveos, Aeroman and Aero, the employee of such party designated, on written notice to the other parties hereto, as such. A party's Contract Manager may be changed from time to time on written notice to the other parties hereto;

(dd) "Court Approval Date" means the date on which an order of the CCAA Court as contemplated by Section 14.1 hereof has become final, meaning that it has either not been appealed within the applicable time limit or if the order has been appealed, such appeal has been dismissed or withdrawn;

(ee) "Damaged Parts" means Listed Parts that have been identified by Aero, acting reasonably, as physically damaged and acknowledged as such by Aeroman or Aveos, or determined to be physically damaged in accordance with Section 6.14 or Section 7;

(ff) "Dispute Notice" means a written notice to be delivered by a party's Contract Manager to the other parties' Contract Managers in respect of a dispute of matters in this Agreement including a dispute of matters outlined in a Payables invoice, a determination of a Net Discrepancy, a Reconciliation Invoice, a Receiving Inspector's invoice, an accounting of the Security Deposit pursuant to Section 6.16 or a determination of Damaged Parts by the Receiving Inspector pursuant to section 6.14;

(gg) "Disputed Parts" means C&E for which Aero and Air Canada have each asserted an ownership interest but have not communicated their final agreement on their respective ownership interests to Aveos, and no court of competent jurisdiction has

granted a final order, not subject to appeal, that would confirm their respective ownership interests;

(hh) "Draw Down Deposit" has the meaning ascribed thereto in Section 6.16;

(ii) "Effective Date" means the later of (a) the Court Approval Date and (b) the date when Aero and Air Canada have agreed on their respective ownership interests in all of the remaining Disputed Parts or a final court order, not subject to appeal, has been granted by a court of competent jurisdiction pursuant to which the court confirms the respective ownership interests of Aero and Air Canada in all of the remaining Disputed Parts;

(jj) "Estimated Uplift Quantity" has the meaning ascribed thereto in Section 6.13;

(kk) "Fabricated Parts" means Parts fabricated by the Aveos Parties or their clients for their own use or for their clients' use in carrying out their activities;

(ll) "Facility Deadline" has the meaning ascribed thereto in Section 6.17;

(mm) "Filing Date" has the meaning ascribed thereto in the recitals;

(nn) "Fixed Deposit" has the meaning ascribed thereto in Section 6.16;

(oo) "Force Majeure Event" means an act of God, national emergency, insurrection, riot, war, strike, work stoppage or other industrial action;

(pp) "Foreign Representatives" means James Robert Tucker, Richard Heis and Allan Watson Graham, in their capacities as Foreign Representatives, as appointed in the Proceedings;

(qq) "Free of Charge Parts" means Parts issued at no charge by an original equipment manufacturer, distributor or other source to address a problem with a previously provided part or in relation to any warranty or similar obligation of such original equipment manufacturer, distributor or other source;

(rr) "Full Exit Date" means, unless otherwise modified by this Agreement, in respect of each Aveos Parties Facility in Canada individually, the earlier of:

(i) the Facility Deadline; or

(ii) the date on which all Listed Parts located at such Aveos Parties Facility have been removed from such Aveos Parties Facility in accordance with Section 6 hereof;

(ss) "Hazardous Materials" means substances or materials, in any form, whether solid, liquid, gaseous, semisolid, or any combination thereof, whether waste materials, raw materials, chemicals or byproducts which are defined or listed as hazardous, toxic, deleterious, caustic, dangerous, a contaminant or a hazardous waste under any applicable environmental law;

(tt) "Information Officer" means KPMG Inc., in its capacity as Information Officer, as appointed in the Proceedings;

(uu) "Initial Aveos Purchased Assets" means Parts that were consumed by Aveos (but excluding Parts consumed by TACA) prior to the Filing Date and that is paid for by Aveos pursuant to Section 3 hereof;

(vv) "Intellectual Property" means all intellectual and industrial property, including all: (a) trademarks; (b) patents; (c) works of authorship (whether or not published) and copyrights; (d) trade secrets and confidential, technical or business information; (e) industrial designs and other rights in designs; (f) any software and technology; and (g) copies and tangible embodiments of the foregoing (in whatever form or medium);

(ww) "Interim Aveos Purchased Assets" means Parts that were, or will be, consumed by Aveos (but excluding Parts consumed by TACA) on or after the Filing Date and that are paid for pursuant to Section 4 hereof;

(xx) "Joint Administrators" means James Robert Tucker, Richard Heis and Allan Watson Graham, in their capacities as Joint Administrators, as appointed in the Proceedings;

(yy) "Labour Costs" means, subject to Section 6.7(b), those costs specified in Schedule 6.9 hereto;

(zz) "Labour List" has the meaning ascribed thereto in Section 6.7(b);

(aaa) "Listed Parts" means Parts listed on the Uplift List, as may be modified from time to time;

(bbb) "Manufacturer's Certificate of Conformity" means the original certification documentation that accompanies a Part issued from the manufacturer;

(ccc) "Maximum Termination and Severance" has the meaning ascribed thereto in the definition of "Labour Costs";

(ddd) "Material Transfer Form" means a certificate that meets the requirements of Specification 106 of the Air Transport Association issued in respect of a particular Part by the Aveos Party in possession of that Part;

(eee) "Net Deficiency" has the meaning ascribed thereto in Section 6.13;

(fff) "Net Discrepancy" has the meaning ascribed thereto in Section 6.13;

(ggg) "Net Overage" has the meaning ascribed thereto in Section 6.13;

(hhh) "Non-Labour Costs" means the out-of-pocket costs payable to third parties by the Aveos Parties, as limited by Section 6.10, in providing only the following services as necessary for completion of the Uplift Plan: certificate retrieval and scanning, office furniture, computers and related software, packing supplies, robot

maintenance to restore functionality in the case that robotic equipment becomes non-functional during the term of the Agreement and forklift rental;

(iii) "Obsolete Parts" means Parts that are or have been rendered obsolete due to the cessation of use of certain airplanes in commercial airline fleets globally, the imposition of a Federal Aviation Administration or Transport Canada Airworthiness Directive notice in respect of such Parts or designation in the Suspected Unapproved Parts system of the ICAO;

(jjj) "Parts" means all C&E that is owned by Aero;

(kkk) "Payables" means all amounts due and owing to Aero by Aveos and Aeroman, as the case may be, pursuant to this Agreement, in respect of Parts consumed by such parties;

(lll) "Person" means an individual, corporation, company, cooperative, partnership, trust, unincorporated association, entity with juridical personality or governmental authority or body, and pronouns which refer to a person shall have a similarly extended meaning.

(mmm)"Pick List" has the meaning ascribed thereto in Section 6.7

(nnn) "Post-November 11 Payables" means all amounts due and owing by Aveos and Aeroman pursuant to this Agreement in respect of Parts consumed by Aveos (including by TACA) and Aeroman at any time on or after November 11, 2009;

(ooo) "Pre-filing Settlement Amount" has the meaning ascribed thereto in Schedule 3.1 hereto;

(ppp) "Preliminary Invoices" means the invoices prepared by Aero pursuant to Section 4.5(b);

(qqq) "Proceedings" has the meaning ascribed thereto in the recitals;

(rrr) "Program Manager" means an individual appointed by each of Aveos and Aero pursuant to Section 9.1;

(sss) "Proprietary Materials" means any work product, software, systems, data, modules, tools, methodologies, analysis, frameworks, specifications, reports, drawings, documentation, manuals, solution construction aids, interfaces, formula, designs, models, drawings and inventions including all methods and processes, businesses or otherwise;

(ttt) "Purchased Part" has the meaning ascribed thereto in Section 8.1;

(uuu) "Receiver" means KPMG Inc., in its capacity as Receiver and Manager of Aero Canada, as appointed in the Proceedings;

(vvv) "Receiving Inspector" has the meaning ascribed thereto in Section 6.14;

(www) "Recertification Costs" has the meaning ascribed thereto in Section 6.15;

(xxx) "Reconciliation Invoice" has the meaning ascribed thereto in Section 6.11;

(yyy) "Repairables" means Parts that have been subject to usage, then subsequently repaired and received back into stock to be re-issued by Aveos or Aeroman. For greater certainty, Repairables include Parts that do not require physical refurbishment but may only require inspection prior to re-issuance;

(zzz) "Secured Obligations" has the meaning ascribed thereto in Section 6.16;

(aaaa) "Security Deposit" has the meaning ascribed thereto in Section 6.16;

(bbbb) "Side Agreement" has the meaning ascribed thereto in the recitals;

(cccc) "TACA" means Transportes Aéros Del Continente Americano;

(dddd) "TACA MPL Price" means the price of a particular Part as prescribed in the master price list agreed to between Aveos and Aero as of October 5, 2009 in respect of consumption of Parts by TACA;

(eeee) "Termination and Severance" has the meaning ascribed thereto in Schedule 6.9;

(ffff) "Termination Date" has the meaning ascribed thereto in Section 11.1;

(gggg) "Termination Date Aveos Purchased Assets" means Parts that are deemed to have been purchased by Aveos pursuant to the terms of Section 6.11, 6.12, or 6.18 hereof;

(hhhh) "Trustee" means KPMG Inc., in its capacity as Trustee in Bankruptcy of Aero and Aero PLC, as appointed pursuant to the *Bankruptcy and Insolvency Act* (Canada);

(iiii) "Uplift Deficiency" has the meaning ascribed thereto in Section 6.13;

(jjjj) "Uplift Labour" has the meaning ascribed thereto in Section 6.9;

(kkkk) "Uplift List" has the meaning ascribed thereto in Section 6.4;

(llll) "Uplift Overage" has the meaning ascribed thereto in Section 6.13;

(mmmm) "Uplift Plan" means the process, as outlined in greater detail in Section 6– below, by which Listed Parts shall be removed from the control of Aveos and placed in the control of Aero;

(nnnn) "Uplift Quantity" has the meaning ascribed thereto in Section 6.13;

(oooo) "Uplift Quantity Discrepancy" has the meaning ascribed thereto in Section 6.13;

(pppp) "Uplift Ready" means, in respect of a Part, that such Part:

(i) is available for pick up at an Uplift Site;

(ii) is packed in accordance with International Air Transport Association standards and/or ATA specification 300, as applicable;

(iii) is accompanied by documentation which enables Aero to cross-reference the Part to the corresponding certificate that would render such Part Conforming;

(iv) is accompanied by a valid Material Transfer Form; and

(v) is not a Damaged Part;

(qqqq) "Uplift Site" means, in respect of each Aveos Parties Facility in Canada, a secure loading dock to which Aero will be granted access for the purpose of inspecting Listed Parts to determine whether they are Uplift Ready and for removal of Listed Parts from such Aveos Parties Facility.

1.2 Aveos agrees that Parts consumed at TACA facilities shall be invoiced to Aveos and Aveos shall pay such invoices in accordance with the terms hereof.

SECTION 2 - **FULL AND FINAL RELEASE**

2.1 For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, as of the Court Approval Date: (a) the Aveos Parties along with their respective employees, officers, directors, agents, affiliates, associates, successors and assigns (the foregoing collectively referred to as the "Aveos Releasors"), do hereby release, waive, and discharge any and all rights, rights of set-off, causes of action, liabilities, remedies and claims of any kind or nature whatsoever except to the extent arising from gross negligence, wilful misconduct, fraud, or intentional or gross fault (each a "Claim" and, collectively, the "Claims") which the Aveos Releasors have, may have or could have asserted against the Aero Inventory Group, the Joint Administrators, the Trustee, the Foreign Representatives, the Information Officer and the Receiver along with their respective employees, officers, directors, agents, affiliates, associates, successors and assigns (the foregoing referred to as the "Aero Releasors"), pursuant to the Supply Agreements, the Aeroman Supply Agreement, the Airworthiness Agreement, the Aeroman Service Agreement or any other agreement, arrangement or dealing between the Aero Inventory Group and the Aveos Parties (the "Aveos Released Claims"); and (b) the Aero Releasors do hereby release, waive, and discharge any and all Claims which the Aero Releasors have, may have or could have asserted against the Aveos Releasors pursuant to the Supply Agreements, the Aeroman Supply Agreement, the Airworthiness Agreement, the Aeroman Service Agreement or any other agreement, arrangement or dealing between the Aero Inventory Group and the Aveos Parties (the "Aero Released Claims").

2.2 The above full and final releases are effective notwithstanding the provisions of any other agreements between any of the Aveos Releasors and any of the Aero Releasors that suggest that any of the terms of such agreements (or any amendments, restatements or agreements ancillary thereto) shall survive termination of such agreements (or any amendments, restatement or agreements ancillary thereto).

2.3 Notwithstanding the foregoing, nothing in this section shall prejudice the rights of any party to this Agreement to enforce its rights and obligations under this Agreement, whether or not attributed to transactions or events that occurred or are deemed to have occurred prior to the date of execution of this Agreement, including without limitation the right to enforce any payment obligations or set-off rights herein. Furthermore, nothing contained in this Agreement shall prejudice the rights of any party to this Agreement as against any Person that is not either an Aero Releasor or an Aveos Releasor. For greater certainty, nothing in this Agreement shall release any Aveos Releasor, other than the Aveos Parties, from any Claims that arise from any agreement, arrangement or other dealing of such Aveos Releasor with the Aero Inventory Group except to the extent that such agreement, arrangement or other dealing was entered into or undertaken by such Aveos Releasor in a representative capacity for the Aveos Parties.

2.4 For greater certainty, subject to Section 2.3, Aveos Released Claims include any claims that an Aveos Releasor may have against Aero or Aero PLC, or the estate of Aero or Aero PLC, as a creditor in the Proceedings, in a bankruptcy, or otherwise, or against Aero Canada, as a creditor in the receivership of Aero Canada.

SECTION 3 - **PRE-FILING PAYABLES**

3.1 In full and final settlement of all amounts owing by the Aveos Parties to the Aero Inventory Group and all amounts owing by the Aero Inventory Group to the Aveos Parties for the period prior to November 11, 2009, the Aveos Parties shall pay to Aero the Pre-filing Settlement Amount set forth on Schedule 3.1 hereto plus applicable taxes. Notwithstanding the foregoing, this Section 3.1 shall not operate as a full and final settlement of any amounts that would not constitute Aveos Released Claims or Aero Released Claims.

3.2 The Pre-filing Settlement Amount shall be payable to Aero in full within 10 Business Days following the Court Approval Date.

SECTION 4 - **POST-NOVEMBER 11 PAYABLES AND TRANSACTION RECONCILIATION**

4.1 The Aveos Parties have made available up to the date hereof and shall continue to use commercially reasonable efforts to make available to Aero on a timely basis, and consistent with current practice, daily data feeds of transactional activities in respect of C&E consumption by the Aveos Parties during the period commencing on November 11, 2009 (including a monthly file detailing all C&E consumed by TACA at the direction of Aveos) to enable Aero to invoice the Aveos Parties for Parts consumed by the Aveos Parties (including C&E consumed by TACA at the direction of Aveos). In the event that Aveos is unable to provide such daily data feed of transactional activities in respect of C&E consumption by Aveos from the date hereof, Aveos shall immediately cease consuming Parts or, alternatively, elect to purchase immediately all Parts listed in the Aveos Forecast unless previously consumed and paid for by Aveos, and cease to consume any Parts that are not listed on the Aveos Forecast.

4.2 The parties acknowledge that Aero has invoiced the Aveos Parties for consumption for periods from November 11, 2009 to June 30, 2010 and Aveos has formally disputed and

rejected such invoices. The parties acknowledge that Aero shall issue new invoices for Post November 11 Payables in accordance with the terms of this Section 4.

4.3 As soon as practicable following the Court Approval Date, Aero undertakes to use commercially reasonable efforts to settle the title issues concerning the Disputed Parts with Air Canada. Ownership of any Disputed Parts shall only be considered settled if Aero and Air Canada have agreed on their respective ownership interests in all of the Disputed Parts or a final court order, not subject to appeal, has been granted by a court of competent jurisdiction pursuant to which the court confirms the respective ownership interests of Aero and Air Canada in the Disputed Parts that are not the subject of agreement between Aero and Air Canada. Aero acknowledges that it shall have no further claims against the Aveos Parties in respect of Disputed Parts that have been determined by agreement between Air Canada and Aero or by court order to be owned by a Person other than Aero.

4.4 In preparing the invoices for Post-November 11 Payables, the parties agree that the pricing as specified in Schedule 4.4 hereto shall be used, plus applicable taxes.

4.5 Invoices for Post-November 11 Payables shall be prepared as follows:

(a) As soon as practicable following the Court Approval Date, Aero shall prepare and deliver invoices to Aeroman (in respect of Parts consumed by Aeroman between November 11, 2009 and August 31, 2010) and to Aveos (in respect of Parts consumed by TACA between November 11, 2009 and August 31, 2010). Such invoices shall include details reasonably sufficient to permit Aveos and Aeroman to determine the Parts in respect of which the invoices are rendered and the pricing applicable thereto. No further amounts shall be invoiced to Aeroman or Aveos in respect of Parts consumed by Aeroman or TACA for any period after August 31, 2010.

(b) If the Court Approval Date occurs before the Effective Date, Aero shall prepare and deliver invoices (each a "Preliminary Invoice") to Aveos in respect of Parts that Aero believes that it owned at the time consumed by Aveos (but excluding Parts consumed by TACA) (i) as soon as practicable following the Court Approval Date, for such Parts consumed by Aveos during the period from July 1, 2010 to December 31, 2010 and (ii) within 30 days following the end of each month, for such C&E consumed in each month thereafter until the Effective Date. Each such Preliminary Invoice shall be for an amount equal to 75% of the amount determined in respect of such period using the pricing as specified in Section 4.4 hereto. For greater certainty, Aero will only render Preliminary Invoices in respect of Parts that it believes it owned at the time consumed by Aveos, and in making such determination Aero will use an inventory balance as at the Filing Date that Aero believes excludes inventory transferred to Air Canada pursuant to a January 28, 2009 agreement or pursuant to an October 23, 2009 agreement.

(c) Following settlement of the ownership of the Disputed Parts in accordance with Section 4.3, Aero shall prepare and deliver to Aveos invoices supplementing the invoices delivered pursuant to Section 4.5(b) in order to (i) remove any formerly Disputed Parts which are determined to have been owned by Air Canada or include any formerly Disputed Parts which are determined to have been owned by Aero, as

applicable and (ii) invoice Aveos for the unbilled balance of the amount owed in respect of such periods determined using the pricing specified in Section 4.4 hereto.

(d) Following the Effective Date, Aero shall prepare and deliver invoices to Aveos in respect of Parts consumed by Aveos (but excluding Parts consumed by TACA) during the period from November 11, 2009 to June 30 2010, inclusive.

(e) Following the Effective Date, Aero shall prepare and deliver invoices to Aveos in respect of Parts consumed by Aveos (but excluding Parts consumed by TACA) in each month including and after the month in which the Effective Date occurs, within 30 days following the end of each month.

Such invoices shall include details reasonably sufficient to permit Aveos to determine the Parts in respect of which the invoices are rendered and the pricing applicable thereto.

4.6 Aveos or Aeroman, as applicable, shall either indicate its acceptance of an invoice in respect of Post-November 11 Payables or send a Dispute Notice to Aero's Contract Manager disputing the amount of the invoice and providing reasonably sufficient detail to permit Aero to understand the nature and amounts in dispute not more than 15 Business Days following receipt of any invoice delivered by Aero pursuant to Section 4.5 hereof. In the event that a Dispute Notice has been delivered by Aveos or Aeroman, as applicable, to Aero's Contract Manager the matter shall be resolved in accordance with the process set forth in Section 7– hereof. If Aveos or Aeroman does not deliver a Dispute Notice within the period provided above then the applicable invoice shall thereafter be deemed to have been accepted by Aveos or Aeroman, as applicable, for all purposes of this Agreement. Aveos agrees that it shall not dispute any Preliminary Invoice on the basis that the Parts consumed and reflected in that invoice may be owned by Air Canada, provided that Aero's determination of Parts it believes it owns is made in accordance with Section 4.5(b) hereof.

4.7 Invoices for Post-November 11 Payables, or the undisputed portion thereof plus applicable taxes, shall be paid by the Aveos Parties to Aero, net of any amounts set forth in Sections 5.1 or 5.2, not more than 10 Business Days following the lapse of the period referenced in Section 4.6 above or, in the case of the disputed portion of an invoice subject to a Dispute Notice, not more than 10 Business Days following the resolution of such dispute in accordance with Section 7- hereof; provided that the payments made in respect of Post-November 11 Payables for Aveos consumption (excluding TACA consumption) shall be used by Aero to fund the Security Deposit.

4.8 The Aveos Parties will not be entitled to returns or to receive credits therefor for Parts consumed after November 11, 2009.

4.9 If payment made by Aveos for any Preliminary Invoice is determined to be in excess of amounts actually due and payable for Parts consumed by Aveos in the period on and after July 1, 2010 based upon final agreement by Aero and Air Canada on their respective ownership interests in Disputed Parts, or a final order of a court of competent jurisdiction not subject to appeal that decides ownership of the Disputed Parts, then Aveos shall be entitled to set off such excess portion against any other invoices issued pursuant to Section 4.5.

SECTION 5 - **POST FILING DATE FEES PAYABLE BY AERO**

5.1 For the period from the Filing Date to and including June 30, 2010 Aero shall pay to Aveos for the benefit of the Aveos Parties:

(a) a material handling and procurement fee in the amount of US$300,000.00 which shall be netted out of the amount payable pursuant to Section 4.5(d);

(b) a warehouse space fee in the amount set forth in Schedule 5 which shall be satisfied as set forth in Schedule 5.

5.2 For the period after June 30, 2010, Aero shall pay to Aveos, for the benefit of the Aveos Parties

(a) a material handling fee equal to 3.1% of the monthly gross consumption of Parts by Aveos (including Parts consumed by TACA at the direction of Aveos) and Aeroman plus applicable taxes; and

(b) a warehouse space fee in the amount set forth in Schedule 5 to be attributed to use of the Aveos Parties Facilities in the manner set forth in Schedule 5, which allocation may be amended on agreement between the parties from time to time, acting reasonably, upon the determination of ownership interests in Disputed Parts.

Such fees incurred in a particular month shall be payable to Aveos for the benefit of the Aveos Parties concurrently with the payment by Aveos or Aeroman to Aero as set forth in Section 4.7 in respect of Payables for consumption in that particular month. Such fee will be satisfied by netting out such amounts from amounts otherwise payable by Aveos or Aeroman pursuant to Section 4.7 hereof for the corresponding periods, with the balance, if any, to be paid in cash by Aero within 10 Business Days of a written demand for payment by Aveos.

5.3 The warehouse space fees set forth in Section 5.2(b) hereof shall be reduced upon the Full Exit Date from each Aveos Parties Facility in proportion to the percentage set forth in Schedule 5 for that facility, commencing the month following the applicable Full Exit Date provided that notice is given by Aero to the Aveos Parties not less than 45 days prior to the end of the month in which Aero intends to exit the Aveos Parties Facility. Provided, however, that upon completion of the bulk sale contemplated in Section 12 hereof, the warehouse space fees set forth in Section 5.2(b) shall be reduced in proportion to the percentage set forth in Schedule 5 for "El Salvador – Aeroman" effective as of September 1, 2010.

5.4 Aveos is the tenant under third party leases for Aveos Parties Facilities in Toronto, Vancouver and Winnipeg. In addition to the amounts payable pursuant to Section 5.2, at the Full Exit Date from each of such Aveos Parties Facilities, Aero shall pay to Aveos up to a maximum of the amounts set forth in Schedule 5 on account of certain continuing payments required to be made by Aveos or Aeroman under their third party lease existing as at the Full Exit Date. No further amounts shall be payable by Aero in respect of rental of the above Aveos Parties Facilities following the Full Exit Date from such facilities.

Aveos shall not, through this Agreement, have any obligation to extend the term of any occupancy rights it holds in any of the Aveos Parties Facilities. In the event that Aveos intends to vacate any Aveos Parties Facility and any Parts remain at such facility, Aveos shall provide Aero with 90 days notice of its intention to vacate such facility and Aero shall (a) enter into a new independent rental arrangement with the landlord of such facility, which arrangement shall provide that Aveos is fully released from its obligations with respect to such facility or (b) if Aero is unable to come to such an arrangement, Aero shall assume all of Aveos' obligations with respect to such facility for the period that Parts remain at such facility, including any payment and "broom swept" obligations but excluding any liabilities of Aveos existing prior to the date Aveos vacates such facility or resulting from events occurring prior to the date that Aveos vacates such facility and any labour costs that may be incurred by Aveos to dismantle any robot located at such facility. In the event that Aveos is fully released from its obligations mentioned above with respect to any such facility that it vacates, the portion of the initial amount of the Draw Down Deposit equal to the proportion set forth in Schedule 5 for that facility (less any amounts previously released to Aero in respect of such facility pursuant to Section 6.16) shall be paid to Aero.

5.5 Aero shall pay to Aeroman all costs and expenses, including salaries and benefits and termination and severance payments in respect of the employees of Aeroman that have been seconded to Aero for the period from and after November 11, 2009 pursuant to the Aeroman Services Agreement. Such payment shall be made by way of set-off against amounts invoiced to the Aveos Parties pursuant to Section 4.5 (a).

SECTION 6 - **PARTS UPLIFT ARRANGEMENT**

6.1 The parties agree to cooperate in good faith to complete the Uplift Plan and resolve any disputes in accordance with Section 7– hereof, in each case, as expediently and efficiently as possible in the circumstances. Aero agrees to cooperate in good faith with Aveos in order to complete the Uplift Plan without negatively impacting, in any material respect, the operations of Aveos. The Uplift Plan will proceed in accordance with the provisions of this Article 6 with such operational adjustments as may be agreed to by the respective Program Managers from time to time.

6.2 The parties acknowledge that Aveos will require time to prepare for the commencement of the Uplift Plan following the execution of this Agreement. Aveos covenants and agrees to work with Aero commencing on the Court Approval Date to initiate the planning so as to be, ready, willing and able to perform its obligations under the Uplift Plan. Aero agrees to use its reasonable best efforts to commence the Uplift Plan as soon as reasonably practical following the Effective Date and to commence the removal of the Listed Parts from the last Aveos Parties Facility at which Parts are to be removed by no later than the tenth month following the Effective Date.

6.3 Upon written request by Aero, following the Court Approval Date, Aveos shall retain a third party service provider acceptable to Aero, acting reasonably, at Aero's sole expense to digitize all existing certificates in the possession of Aveos in respect of C&E at all Aveos Parties Facilities in Canada, with the exception of certificates for C&E that was received by Aveos prior to January 1, 2000 or after January 1, 2005. Aveos shall deliver to Aero any

such digitized certificates in respect of a Part. Aveos shall also deliver to Aero any other previously digitized certificate in Aveos' possession that is in respect of a Part if that Part was received by Aveos on or after January 1, 2000. The digitized certificates shall be provided to Aero in a database that would allow Aero to electronically search the text of those certificates in order to match the certificates to particular Parts. At Aero's request, but only for a period of 90 days after the Full Exit Date from the last Aveos Parties Facility at which Listed Parts will be removed under this Agreement, Aveos must use commercially reasonable efforts to make available in hard copy or digitized format all certificates that are necessary to determine that any other identified Part is Conforming. The out-of-pocket costs of the labour necessary to provide Aero with the requested certificates shall be payable by Aero. If requested by Aero, Aveos shall use commercially reasonable efforts to expand the scope of certificates to be digitized at Aero's cost.

6.4 As soon as practicable after the Effective Date, and in any event not less than 60 days prior to the projected start date for removal of Parts from an Aveos Parties Facility, Aero shall provide Aveos with a list of all Parts located at that Aveos Parties Facility, specifying the types of Parts and quantities of Parts, that shall be delivered by Aveos to an Uplift Site in accordance with this Agreement (the "Uplift List"). Each Uplift List shall also contain, among other things, the projected start date for removal of Parts from the applicable Aveos Parties Facility and the locations where particular Parts are believed by Aero to be.

6.5 Any transfer of Parts between Aveos Prime Locations will be deemed to be consumption of those Parts by Aveos for the purposes of this Agreement if the transfer is received by the recipient Aveos Prime Location at any date later than the date of the first removal of Parts during the Uplift Plan by Aero from the recipient Aveos Prime Location. Any transfer of Parts by Aveos to a facility that is not an Aveos Prime Location will be deemed consumption of those Parts

6.6 The Uplift List shall be amended so as to exclude Parts listed on the Aveos Forecast and to remove any Listed Parts that have been consumed by any party (including for this purpose Air Canada) prior to their date of removal from an Uplift Site. The Aveos Forecast for a particular Aveos Parties Facility shall be delivered to Aero as soon as practicable after the Effective Date and, in any event, no later than 45 days prior to the projected start date specified in an Uplift List for that Aveos Parties Facility. Parts on the Aveos Forecast that have been consumed by Aveos shall be paid for by Aveos in accordance with Sections 4 and 5 hereof. The Aveos Forecast may be amended by Aveos from time to time to delete certain Parts. Not less than 30 days prior to the end of the period covered by each Aveos Forecast, Aveos shall elect either to purchase the Parts listed on that forecast that have not at that time been consumed or to add such Parts to the applicable Uplift List and shall inform Aero's Contract Manager of this election. If Aveos elects not to purchase such Parts, the Facility Deadline in respect of the applicable Aveos Parties Facility shall be extended, if necessary, by the number of days reasonably necessary to allow Aero to remove such Parts from that Aveos Parties Facility.

6.7

(a) On a bi-weekly basis commencing three weeks prior to the anticipated commencement of Parts pick up at a particular Uplift Site, Aero will provide to

Aveos a list of Listed Parts that Aero requests Aveos make Uplift Ready (each a "Pick List") at a particular Uplift Site beginning on a proposed start date; provided, however, that Aveos shall establish the actual pick order and manage the efficiency of resources, labour and robot availability at each Aveos Parties Facility in order to minimize the impact of the Uplift Plan on the operations of Aveos. Subject to any changes that Aveos may request in order to avoid disrupting its normal operations, Aveos shall use commercially reasonable efforts to comply with each Pick List (including making Parts Uplift Ready on the start date proposed by Aero), and in the event that Aveos does not anticipate being able to comply with each Pick List, Aveos will provide notice of same to Aero within 4 Business Days of receipt of that Pick List. The Pick List may be adjusted from time to time by Aero after the date of initial delivery by Aero. Any adjustments to the Pick List by Aero shall be communicated to Aveos' Program Managers in writing at least 7 Business Days prior to the scheduled commencement of pick up of Parts on the Pick List at the affected Uplift Site. Aveos shall use commercially reasonable efforts to comply with any such modifications to a Pick List and, in the event that Aveos does not anticipate being able to comply with such modifications, Aveos will provide notice of the same to Aero within 2 Business Days of receipt of the modification request; provided, however, Aveos shall not assume any liability for any delays or inefficiencies resulting from the amendment by Aero of any Pick List.

(b) Aero shall provide to Aveos, along with each Pick List, a list of Uplift Labour that Aero requests be utilized to perform the tasks required by such Pick List (the "Labour List"). The Labour List shall include, among other things, the number of hours of hourly paid Uplift Labour that Aero requests to be utilized as well as labour associated with recertification pursuant to section 6.15. Aveos and Aero must come to an agreement, acting reasonably, on the contents of each Labour List prior to the commencement of work on the activities in the corresponding Pick List. No hourly paid Uplift Labour shall form part of the Labour Costs unless included on a Labour List, incurred as Recertification Costs, or otherwise used for the Uplift Plan at Aero's direction or request.

6.8 Aero shall remove Listed Parts from a particular Uplift Site during the times and in the manner agreed to between the parties acting reasonably so as not to materially disrupt the normal operations of Aveos. Aero acknowledges that the removal of Listed Parts from an Aveos Parties Facility may occur during first, second or third shift and on any day of the week.

6.9 Aveos shall use commercially reasonable efforts to supply the labour necessary for: (a) the provision of the Listed Parts, as provided in each Pick List, in an Uplift Ready form to each Uplift Site, (b) the location, and either provision to Aero or provision for scanning of certificates required for Listed Parts received by Aveos on or after January 1, 2000, (c) the provision of Authorized Release Certificates; (d) labour training; (e) supervision of the Uplift Plan; and (f) the updating of ARTOS and Airsoft inventory records to reflect the removal of Listed Parts (the "Uplift Labour"). A list of salaried Uplift Labour that is expected to be used is to be jointly developed by Aveos and Aero as soon as practicable after the Court Approval Date. The parties agree that Aero shall pay for Labour Costs, subject to the restrictions contained in Section 6.7(b) hereof. Actual Labour Costs will be

reported to Aero by Aveos on a weekly basis, within 8 Business Days after the completion of the week to which the Labour Costs apply.

6.10 The parties agree that Aveos shall use commercially reasonable efforts to provide or procure the inputs resulting in Non-Labour Costs but only as and when requested by Aero. The parties agree that Aero shall pay for the Non-Labour Costs upon the provision to Aero of an invoice that adequately describes the nature of these costs in the opinion of Aero acting reasonably. The parties will negotiate in good faith in respect of the provision of other necessary inputs to the Uplift Plan that are not included in the Non-Labour Costs. The reasonable out-of-pocket costs payable by Aveos to the service provider for the creation of electronic versions of certificates pursuant to Section 6.3, shall form part of the Non-Labour Cost upon provision to Aero of an invoice from such service provider that segregates the costs in relation to the creation of electronic versions of certificates in accordance with Section 6.3 and adequately describes the nature of those costs in the opinion of Aero, acting reasonably.

6.11 Invoices for Labour Costs and for Non-Labour Costs will be issued as follows:

(a) Aveos will issue an invoice on a weekly basis for estimated Labour Costs for each week at least 10 Business Days prior to the commencement of that week and such invoices shall be paid by Aero within 7 Business Days from the invoice date. In the case of hourly paid Uplift Labour, the estimated Labour Costs will be based upon the Labour Lists provided from time to time by Aero in accordance with Section 6.7(b) hereof and anticipated Recertification Costs pursuant to Section 6.15 hereof;

(b) Aveos will issue an invoice for Non-Labour Costs and for the costs of the Receiving Inspector in accordance with Section 6.14 within 5 Business Days after any invoices are received by Aveos with respect thereto. Such invoices shall be payable within 5 Business Days from the date of the Aveos invoice with respect thereto; and

(c) Aveos will issue an invoice to reconcile any discrepancies between actual Labour Costs and estimated Labour Costs (a "Reconciliation Invoice") bi-weekly within 5 Business Days of the end of the two weeks to which the Reconciliation Invoice applies. If the Reconciliation Invoices rendered in a particular calendar month show that actual Labour Costs exceeded estimated Labour Costs, Aero shall pay to Aveos the difference within 5 Business Days from the invoice date of the last Reconciliation Invoice in that month. If the Reconciliation Invoices rendered in a particular calendar month show that estimated Labour Costs exceeded the actual Labour Costs, Aveos shall pay to Aero the difference within 5 Business Days from the invoice date of the last Reconciliation Invoice in that calendar month.

In the event Aero does not make any payment required to be made to Aveos pursuant to this Section 6.11 (either in cash or by set-off against amounts payable by Aveos to Aero under this Agreement) or does not file a Dispute Notice in accordance with Section 7 in respect of such payment, the weekly reduction of the Draw Down Deposit shall immediately cease to be paid to Aero and Aveos may, on 15 Business Days notice to Aero, suspend the Uplift Plan at its facilities and, if such payment default continues for more than 30 days following the completion of the above notice period to Aero or the resolution of the

dispute in accordance with Section 7 in favour of Aveos, Aveos may terminate this Agreement as between itself and Aero. In the event Aveos elects to terminate this Agreement, Aveos shall be deemed to have purchased all Parts remaining at its facilities on the Termination Date without further payment or liability to Aero and Aero shall forfeit the balance of the Security Deposit. In the event that Aveos does not make any payment required to be made pursuant to this Section 6.11, then Aero may set off the unpaid amount against the next invoice for estimated Labour Costs issued by Aveos. If no further invoices for estimated Labour Costs are to be issued by Aveos and such payment default continues for more than 15 Business Days following notice of same by Aero, then Aero may recover payment of any such amounts by a permanent reduction of the Fixed Deposit.

6.12 In the event the Labour Costs and Non-Labour Costs incurred to date and those costs reasonably anticipated in the future to complete the Uplift Plan at the Aveos facilities exceed 110% of the budgeted amount for Aveos determined by Aero, acting reasonably, Aero may provide notice of such fact to Aveos and thereafter, for a period of thirty (30) days following such notice, Aero and Aveos must negotiate in good faith on the terms of a revised cost arrangement in respect of Labour Costs and Non-Labour Costs. Aero continues to be obligated to pay for Labour Costs and Non-Labour Costs, subject to the terms of this Agreement, during the period of such negotiations. In the event that no agreement on a revised cost arrangement is reached in that thirty (30) day period, Aero shall either: (a) continue with the Uplift Plan on the terms set out in this Section 6– or (b) terminate this Agreement in respect of Aveos. In the event Aero elects to terminate this Agreement with Aveos, Aveos shall be deemed to have purchased all remaining Parts at its facilities on such Termination Date without further payment or liability to Aero and Aero shall forfeit the balance of the Security Deposit.

6.13 At the Full Exit Date from each Aveos Parties Facility in which Listed Parts are located, Aero will identify the differences, on a part type-by-part type basis (each, an "Uplift Quantity Discrepancy"), between the Uplift Ready quantity of a type of Listed Part actually received at the Aveos Parties Facility being exited, (each an "Uplift Quantity") and the quantity of such type of Part listed on the Uplift List (as adjusted in accordance with Section 6.7 or 6.18) for that Aveos Parties Facility, (each an "Estimated Uplift Quantity"). Each Uplift Quantity Discrepancy will be reported by Aero to Aveos within 20 Business Days of the Full Exit Date from the applicable Aveos Parties Facility.

Each Uplift Quantity Discrepancy will be valued based upon the price attributed to each particular type of Listed Part in accordance with Section 4.4 of this Agreement. In a case where the Uplift Quantity exceeds the Estimated Uplift Quantity for a particular type of Listed Part, the value of that Uplift Quantity Discrepancy is an "Uplift Overage" in respect of that type of Listed Part. In a case where the Estimated Uplift Quantity exceeds the Uplift Quantity for a particular type of Listed Part, the value of that Uplift Quantity Discrepancy is an "Uplift Deficiency" in respect of that type of Listed Part.

If the value determined by adding up each Uplift Deficiency is greater than the value determined by adding up each Uplift Overage by an amount that is equal to or greater than 1% of the aggregate value of the Estimated Uplift Quantity for all Listed Parts, as calculated in accordance with Section 4.4, a "Net Deficiency" will exist. A Net Deficiency shall be paid by Aveos to Aero within 10 Business Days after the receipt by Aveos of

written notice setting forth the amount of the Net Deficiency and including reasonable supporting documentation.

If the aggregate value determined by adding up each Uplift Deficiency is less than the aggregate value determined by adding up each Uplift Overage, a "Net Overage" will exist (collectively, with a "Net Deficiency", a "Net Discrepancy"). Aero shall not be required to pay for such Net Overage and shall be entitled to retain Parts accounting for any Net Overage.

The calculation of "Estimated Uplift Quantity" and "Uplift Quantity" shall exclude the following Listed Parts: Fabricated Parts, Free of Charge Parts, Parts that are Intellectual Property, Parts that are Hazardous Materials, Repairables, and Obsolete Parts (as determined at the date of removal by Aero from the Uplift Site).

The parties agree that any amounts payable by Aveos to Aero pursuant to this Section 6.13 may be set-off against amounts payable to Aveos by Aero under this Agreement.

For greater certainty, the calculation of a Net Deficiency or a Net Overage will be performed concurrently by Aero and Aveos during the course of the Uplift Plan but shall only be payable by Aveos on the Full Exit Date from the last Aveos facility where Listed Parts remain. In the event Aero terminates the Uplift Plan for any reason prior to the removal of all Listed Parts from all Aveos facilities, then the provisions of this Section 6.13 shall not apply and Aveos shall have no liability to Aero with respect to Section 6.13.

6.14 Aero shall be provided a reasonable opportunity to inspect each Listed Part at the Uplift Site on a daily basis to determine if such Listed Part is Uplift Ready. Such inspections shall occur on a daily basis, or on such other basis agreed upon by the Program Managers at each Uplift Site, acting reasonably, during the course of the removal of Listed Parts from that site. Aero shall remove all Listed Parts that are Uplift Ready from each Uplift Site on a daily basis, or on such other basis agreed upon by the Program Managers at each Uplift Site, acting reasonably. Upon countersigning the packing slip in respect of any Listed Part, Aero shall be deemed to have confirmed that same are Uplift Ready. Listed Parts that Aero determines are not Uplift Ready will be set aside. Aveos and Aero shall then cooperate to determine whether any such Parts may be considered Uplift Ready. Failing agreement between the parties, the matter shall be set before a Transport Canada certified receiving inspector employed and made available by Aveos (the "Receiving Inspector"). Any dispute of a determination made by such inspector shall be resolved in accordance with the process set forth in Section 7- hereof. Aveos shall record all time spent by the Receiving Inspector on matters contemplated by this Section 6.14 and Aero shall pay to Aveos an agreed upon hourly wage for such Receiving Inspector for such time. Any costs of a further inspection suggested by the Receiving Inspector shall be shared equally between Aero and Aveos. For greater certainty, the costs associated with the Receiving Inspector shall not form part of Labour Costs but shall be invoiced by Aveos Party to Aero weekly and paid by Aero within 5 Business Days from the date of the invoice, or within 5 Business Days of resolution of a dispute of such invoice in favour of Aveos in accordance with Section 7-..

6.15 After taking possession of the Listed Parts in accordance with Section 6.14 above, Aero may, at its own cost, match each Listed Part to its corresponding certification

documentation. If certification documentation that would render an Uplift Ready Listed Part Conforming cannot be matched to a particular Part by Aero, Aveos shall for a period of up to 90 days following (a) the Full Exit Date from the last Aveos Parties Facility at which Listed Parts are located or (b) any earlier Termination Date, provide to Aero a qualified mechanic to deliver an Authorized Release Certificate in respect of such Listed Part. The process of recertifying Uplift Ready Listed Parts for the purposes of providing an Authorized Release Certificate shall occur at a location in Montreal selected by Aero, acting reasonably. The out-of-pocket costs of the labour to provide Authorized Release Certificates is referred to as "Recertification Costs" and the Uplift Labour used to perform this recertification shall be only as agreed to by Aero prior to the commencement of each week in which recertification tasks are undertaken.

6.16 As security for the out-of-pocket costs associated with the disposal of Parts abandoned by Aero at the Aveos Parties Facilities pursuant to sections, 6.11, 6.12, 6.18 or 14.6 of this Agreement and other out-of-pocket costs resulting from the termination of this Agreement, including Termination and Severance, but only up to Maximum Termination and Severance, and the warehouse space obligations referred to in Section 5 (the "Secured Obligations"), Aero shall provide a security deposit in the amount of US$2.0 million (the "Security Deposit"), which shall be held in trust by the Information Officer for the benefit of Aveos (subject to the terms hereof) on terms acceptable to the parties acting reasonably. The Security Deposit shall bear interest in favour of Aero. Aero shall fund the Security Deposit by directing payment of the first Post-November 11 Payables for Aveos consumption (excluding TACA consumption) up to US$2,000,000.00 to the Information Officer in trust. The Information Officer shall hold this amount in trust to be released to Aveos or Aero, as applicable, in accordance with the terms of this Agreement or upon joint direction of Aero and Aveos or a final order of the CCAA Court that is not subject to appeal.

Subject to Section 6.11, a portion of the Security Deposit totalling $1,635,000.00 (the "Draw Down Deposit") shall be paid to Aero weekly beginning at the end of the first week that Listed Parts are picked up during the course of the Uplift Plan. The payment to Aero in a particular week shall be in such an amount that, at the completion of that week, there remains a proportion of the initial Draw Down Deposit equal to the proportion that the number of bins occupied by Listed Parts at all Aveos Parties Facilities where Listed Parts are located bears to the total number of bins that were occupied by Listed Parts at all Aveos Parties Facilities as of the Effective Date.

Subject to Section 6.11, a portion of the Security Deposit totalling $365,000.00 (the "Fixed Deposit") shall be held until the Full Exit Date from the last Aveos Parties Facility, at which point the portion of the Fixed Deposit will be used by Aveos to fund any outstanding costs (including the warehouse space fee referred to in Section 5) incurred by Aveos in connection with the Uplift Plan and, subject to Section 6.18, the balance, if any, will be released to Aero by Aveos along with an accounting for the use of this portion of the Fixed Deposit within 45 days of the Full Exit Date from the last Aveos Parties Facility, as applicable. Notwithstanding the foregoing, a portion of the Fixed Deposit equal to the outstanding amounts due and payable by Aveos related to the Uplift Plan plus $50,000 shall continue to be held and returned 90 days after the Full Exit Date from the last Aveos

Parties Facility, along with an accounting for the use of this portion of the Fixed Deposit, if not fully utilized by Aveos accordance with this Section by such date.

In the event that all or some of the remaining Parts are abandoned pursuant to Sections 6.11, 6.12, 6.18, or Section 14.6 hereof, Aveos shall be entitled to retain the balance of the Security Deposit, net of any Payables invoiced to Aveos by Aero pursuant to Section 3 or Section 4 as of the date of abandonment. Recourse to the Security Deposit shall be the sole and exclusive remedy of Aveos and any successors or assigns, individually and collectively, for any breach or breaches of obligations under the Uplift Plan contemplated by this Section 6 by Aero or any successor or assign, whether inadvertent or intentional, except to the extent arising from gross negligence, wilful misconduct, fraud, or intentional or gross fault of Aero. Aveos hereby acknowledges and agrees that the Security Deposit provides fair and sufficient recompense and remedy with respect to any such breach or breaches. Without limiting the generality or specificity of any of the foregoing, Aveos and any successors or assigns, collectively and individually, knowingly and voluntarily waive any and all rights or remedies they may have in equity, bankruptcy or otherwise to seek specific performance of this Agreement or any similar right or remedy against any other party hereto.

6.17 Within 30 days following the removal of the first Part from each Uplift Site, Aero will establish an exit deadline for that Aveos Parties Facility in accordance with Schedule 6.17 hereto (the "Facility Deadline"). The Facility Deadline may be extended in accordance with the provisions outlined in Schedule 6.17 hereto.

6.18 Subject to Section 6.19, once Aero commences the Uplift Plan, Aero shall remove all Parts from all Aveos Parties Facilities located in Canada. If any quantity of Parts remain at any Aveos Parties Facility located in Canada after the Facility Deadline (as adjusted in accordance with Section 6.6 or Section 6.18) for such Aveos Parties Facility, Aveos shall provide notice thereof to Aero and request that Aero arrange for such Parts to be removed within 15 Business Days of such notice. At the request of Aero made within such 15 Business Day period, Aveos shall, at the expense of Aero (to be paid within 10 Business Days of the invoice date), transfer any Parts subject to the above notice to another Aveos Parties Facility selected by Aero and acceptable to Aveos, acting reasonably, at which an uplift is occurring or will occur. Such transfer will not be deemed consumption by the Aveos Parties for the purposes of this Agreement. Aero will be deemed to have removed the Parts to which such transfer request applies in accordance with this Section on the date that the transfer request is made. In the event that any more than a nominal quantity of such Parts have not been removed from the Aveos Parties Facility at the end of such 15 Business Day period, this Agreement shall terminate in respect of Aveos as of such date and all Parts remaining at Aveos facilities shall be deemed purchased by Aveos as of such Termination Date without any cost or liability to Aveos and Aero shall have no obligation to remove those Parts and shall bear no further cost in respect of such Parts, with the exception of the application of the Security Deposit in accordance with Section 6.16 above.

6.19 The parties hereto acknowledge that discussions are ongoing among Aveos, Air Canada and Aero with respect to an alternative commercial arrangement wherein Parts will not be removed from certain Aveos facilities in accordance with the Uplift Plan. In the event that a written agreement is executed among Aero and Air Canada which, in Aero's opinion

acting reasonably, requires the termination of the Uplift Plan at all or any of the Aveos facilities, Aero may provide prior written notice of same to Aveos at any time and request that Aveos cease to undertake any activities in respect of the Uplift Plan at the specified Aveos facilities as of a date that is at least two weeks following the date such notice is received by Aveos. Provided any such arrangement is satisfactory to Aveos, Aveos shall comply with such request and Aveos shall have no liability to Aero with respect to Section 6.13 in respect of Parts located at such facilities. The parties hereto acknowledge that any such arrangement will require modifications to this Agreement, which may include, without limitation, a modification of Aero's obligations in respect of facilities subject to these commercial arrangements with Air Canada and, to the extent Aveos is fully released from its obligations with respect to a facility, a return to Aero of a portion of the Security Deposit related to such facility. The parties hereto will negotiate such modifications in good faith.

SECTION 7 - **DISPUTE RESOLUTION**

7.1 If (a) Aero disagrees with the contents of a Reconciliation Invoice, the cost associated with the Receiving Inspector or any inspection suggested by the Receiving Inspector, or the contents of any accounting for the Security Deposit pursuant to Section 6.16 or of a characterization of Listed Parts as Damaged Parts, or (b) the Aveos Parties disagree with a Payables invoice or Aero's determination of a Net Discrepancy or of a characterization of Listed Parts as Damaged Parts, such party's Contract Manager shall deliver a Dispute Notice to the other parties' Contract Manager of such disagreement prior to the date at which the disputed Reconciliation Invoice or Receiving Inspector invoice is due for payment, within 10 Business Days of notice of a Net Discrepancy or delivery of an accounting for the Security Deposit to the disagreeing party, in accordance with the time periods specified in Section 4.6 in the case of a disputed Payables invoice or within 10 Business Days in the case of a dispute regarding Damaged Parts. If a party shall fail to deliver the Dispute Notice within the time period specified above, all parties shall be deemed to have accepted as final the Reconciliation Invoice, the notice of Net Discrepancy, the Payables invoice (other than Disputed Parts ownership issues), the Damaged Parts determination or the accounting for the Security Deposit as delivered. Matters included in a notice of Net Discrepancy, a Reconciliation Invoice, a Payables invoice (other than Disputed Parts ownership issues) or an accounting for the Security Deposit to which the disagreeing party does not expressly object in the Dispute Notice shall be deemed accepted by all parties and shall not be subject to further dispute or review.

7.2 The Contract Managers, on behalf of the parties, shall use their best efforts, acting in good faith, to resolve any disagreement with respect to a Reconciliation Invoice, a Payables invoice, a Net Discrepancy, a Damaged Parts determination or an accounting for the Security Deposit and any resolution agreed to in writing by the parties shall be final and binding upon the parties. The Contract Managers shall meet as often as the parties reasonably deem necessary in order to gather and furnish to each other all relevant information with respect to the matters at issue. The Contract Managers shall discuss the issues and negotiate in good faith in an effort to resolve the dispute without the necessity of any formal proceedings. During the course of such discussions, all reasonable requests made by one party to the other for information (including, if applicable, Confidential

Information), reasonably related to the issue in dispute, shall be honoured in order that each of the parties may be fully advised of the other's position.

7.3 If the Contract Managers are unable to resolve any disagreement hereunder within 30 days after delivery of a Dispute Notice, the matters shall be referred to the Vice President, Supply Chain Management of Aveos on behalf of the Aveos Parties and Nick Brearton on behalf of Aero. If such persons are unable to resolve the disagreement within 20 days after the matter has been referred to them such dispute will be submitted for binding arbitration in accordance with the *Code of Civil Procedure of Quebec* with the following conditions: (a) the proceeding will be held before a single arbitrator, familiar with commercial law and aircraft parts distribution services, selected jointly by the parties or, where such agreement cannot be reached, by appointment of a Quebec Superior Court judge; (b) except as modified by this article, the *Code of Civil Procedure of Quebec* will govern the arbitration; (c) the proceeding will be conducted in English; (d) the proceeding will be held in Montreal, Canada; (e) each party will assume their fees and costs related to the arbitration; (f) the fees and costs of the arbitrator will be shared equally by the parties; (g) the proceeding will be closed except to the parties, their attorneys, representatives, witnesses and experts, all of whom must agree or have a duty to maintain the confidentiality of the dispute, subject to any obligations that any party including the Joint Administrators, the Foreign Representatives, the Trustee, the Information Officer or the Receiver may have pursuant to applicable law, in which case written notice will be promptly provided to the Aveos Parties prior to disclosure of any information subject to this item (g); (h) the existence, proceeding and resolution of the dispute will be kept confidential by the parties and will only be disclosed to parties and individuals with a need to know of its existence and who will agree to maintain confidentiality, subject to the obligations described in (g) above; (i) the arbitration will be binding upon the parties unless mutually agreed otherwise in writing; and (j) it is the intention of the parties that the decision of the arbitrator will be enforceable in any national court of competent jurisdiction pursuant to the United Nations Convention for the Recognition and Enforcement of Foreign Arbitral Awards of 1958 commonly known as the "New York Convention." The parties shall use commercially reasonable efforts to cause the arbitrator to deliver to the parties, as promptly as practicable (and in no event later than 20 Business Days after his or her appointment), a written report setting forth the resolution of any such disagreement determined in accordance with the terms of this Agreement. Such report shall be final and binding upon the parties and payment, if any, shall be made within 10 Business Days after delivery of the final report by the arbitrator to the parties.

SECTION 8 - **WARRANTIES**

8.1 The Aveos Parties acknowledge that, with respect to any Part sold by Aero to the Aveos Parties on or after November 11, 2009 (a "Purchased Part"), Aero sold, and is selling, the Part on an "as is, where is" basis as it shall exist, or shall have existed, at the time that ownership of such Part is, or was, transferred to the Aveos Parties. The Aveos Parties further acknowledge that they have inspected each Purchased Part and are relying entirely upon their own investigations and inspections of each Purchased Part in proceeding with the purchase of such Purchased Part and have satisfied themselves with regard to the condition, title and ownership of the Purchased Part. Without limiting the foregoing, the Aveos Parties acknowledge that there are no representations, warranties, terms, conditions,

understandings or collateral agreements, express or implied, statutory or otherwise, with respect to any Purchased Part or in respect of any other matter or thing whatsoever except as otherwise expressly stated herein. The Aveos Parties further acknowledge that all written and oral information (including analyses, financial information and projections, compilations and studies) obtained by the Aveos Parties from the Aero Inventory Group, the Joint Administrators, the Trustee, the Foreign Representatives, the Information Officer or the Receiver or any of their directors, officers, employees, partners, professional consultants or advisors with respect to any Purchased Part has been obtained for the convenience of the Aveos Parties only and is not warranted to be accurate or complete. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the, *Civil Code of Québec*, the *Sale of Goods Act* (Ontario) or the *1980 United Nations Convention on Contracts for the International Sale of Goods* or similar legislation do not apply hereto and have been expressly disclaimed and waived by the Aveos Parties.

SECTION 9 - **RELATIONSHIP MANAGEMENT**

9.1 Each of Aveos and Aero shall designate one employee as "Contract Manager" and provide notice of such identification to the other parties. A Contract Manager shall have the knowledge and authority and be given the responsibility to make appropriate decisions on day-to-day issues in respect of the subject matter of this Agreement and to coordinate the technical aspects of the Uplift Plan. Each of Aveos and Aero shall designate one person who must be acceptable to the other parties hereto acting reasonably, as "Program Manager". A party may change its Contract Manager and/or its Program Manager from time to time by providing notice thereof to the other parties.

SECTION 10 - **INTELLECTUAL PROPERTY AND CONFIDENTIAL INFORMATION**

10.1 Each Recipient agrees that it shall keep the Confidential Information confidential in accordance with the terms hereof and will not, without the prior written consent of the Disclosing Party, or except as expressly provided in this Agreement, disclose the Confidential Information in any manner whatsoever. Notwithstanding the foregoing, a Recipient may disclose Confidential Information to: (i) its officers, directors, employees, agents and professional consultants, in each case as reasonably necessary or appropriate, (ii) in the case of Aero, the Joint Administrators, the Foreign Representatives, the Trustee, the Information Officer and the Receiver; and (iii) any proposed permitted assignee thereof (except, in the case of Aero, a Competitor), provided an assignment to such proposed assignee is permitted hereunder; in each case, provided that, such persons have been informed by the Recipient of the confidential nature of the Confidential Information and are bound by a confidentiality undertaking.

10.2 Subject to Section 13.2(g), in the event that any Recipient becomes legally compelled or required in connection with judicial or administrative proceeding, or as requested or required by regulatory authorities or other legal obligations of the Joint Administrators, the Foreign Representatives, the Information Officer, the Trustee or the Receiver, to disclose any of the Confidential Information, it will promptly provide written notice to the Disclosing Party, to the extent it is permitted to do so under applicable law, so that the

Disclosing Party may seek a protective order or other appropriate remedy or waive compliance with respect to the provisions of this agreement. The Recipient will cooperate with the Disclosing Party, on a reasonable basis and at the Disclosing Party's expense, to obtain a protective order or other remedy. In the event that such protective order or other remedy is not obtained, the Recipient will furnish only that portion of the Confidential Information that it is advised by its external counsel is legally required or advised to be disclosed and will exercise all reasonable efforts to obtain reliable assurances that confidential treatment will be accorded to the Information so furnished. Aero shall apply to have the schedules to this Agreement filed under seal in any proceedings before the CCAA Court or any other court or tribunal in which this Agreement is filed.

10.3 On the Termination Date, the Recipient of Confidential Information must promptly return to the Disclosing Party or destroy any and all copies of Confidential Information (save for any copies required to be retained by law, for quality assurance or audit purposes or in accordance with corporate policy), in which case any right to use, copy and disclose Confidential Information ceases. The provisions of this Section 10.3 do not apply to the ACTS Historical Consumption Analysis, information supporting invoices issued by the Aero Inventory Group Companies or those invoices themselves, Aero's sales information, certificates that render a Part Conforming, accounting information associated with accounts receivable balances, or to one copy of the data supporting invoices from the Aveos Parties required to be retained by Aero or the Joint Administrators, the Foreign Representatives, the Information Officer, the Receiver or the Trustee for record keeping purposes.

10.4 Within 20 Business Days following the termination of this Agreement, Aero shall return or destroy (and provide a certificate confirming such destruction) all Aveos Data in an agreed format. For greater certainty, Aveos Data does not include the ACTS Historical Consumption Analysis, information supporting invoices issued by the Aero Inventory Group Companies or those invoices themselves, Aero's sales information, certificates that render a Part Conforming, accounting information associated with accounts receivable balances, or one copy of the data supporting invoices for Payables required to be retained by Aero or the Joint Administrators, the Foreign Representatives, the Information Officer, the Receiver or the Trustee for record keeping purposes.

10.5 Aero has purchased the ACTS Historical Consumption Analysis and may continue to use same as it deems fit internally, subject to compliance with Section 10.1.

10.6 The Aveos Parties grant to Aero a non-exclusive, non-transferable right and license during the currency of this Agreement to use any Intellectual Property and Proprietary Materials of the Aveos Parties to the extent necessary for, and for the sole purpose of, performing its obligations under this Agreement. Aero grants to the Aveos Parties a non-exclusive, non-transferable right and license during the currency of this Agreement to use any Intellectual Property and Proprietary Materials of Aero to the extent necessary for, and for the sole purpose of, performing its obligations under this Agreement.

All right, title and interest, including all Intellectual Property rights in, all modifications, updates, upgrades or enhancements made, conceived or reduced to practice by Aero or the

Aveos Parties (the "Modifying Party"), to the Proprietary Materials of the Aveos Parties or Aero (the "Owner"), respectively, shall be owned exclusively by the Owner.

SECTION 11 - TERM AND TERMINATION

11.1 This Agreement shall commence as of the Court Approval Date and terminate on the earlier of:

(a) the Facility Deadline for the last Aveos Parties Facility in which Parts are located;

(b) the date that all Parts have been removed from the Aveos Parties Facilities, or sold to the Aveos Parties in accordance with the terms of this Agreement;

(c) on the date of any earlier termination in accordance with the terms of this Agreement, including Sections 6.11, 6.12, 6.18 and 14.6; or

(d) upon a material breach of this agreement by any party, which breach has not been cured within 30 days after receipt of the breaching party of notice of such breach.

(the "Termination Date"); provided that if the Trustee and the Foreign Representatives have not appeared before the CCAA Court for the purpose of seeking approval of this Agreement by the CCAA Court on or prior to January 21, 2011, the Aveos Parties shall have the option to terminate this agreement at any time prior to February 15, 2011 and if the Aveos Parties so elect, which election must be made by the Aveos Parties collectively, this Agreement shall terminate and be of no force and effect and none of the parties shall have any obligations to the other parties with respect to this Agreement. In the event that the Trustee and the Foreign Representative have appeared before the CCAA Court for the purpose of seeking approval of this Agreement and the Court Approval Date has not occurred within 70 days from the date that approval is sought, any party shall have the option to terminate this Agreement, and if such option is exercised this Agreement shall terminate and be of no force and effect and none of the parties shall have any obligations to the other parties with respect to this Agreement.

11.2 On the Termination Date, all rights and obligations of the parties to this Agreement shall terminate except for:

(a) The payment obligations of the Aveos Parties and Aero pursuant to Sections 3– and 4– and the payment obligations of Aero pursuant to Section 5– hereof, in each case, only to the extent actually incurred to the Termination Date;

(b) payment of amounts required pursuant to Section 6– to the extent actually incurred to the Termination Date and the return of any residual amount, if applicable, of the Security Deposit pursuant to Sections 6.16, provided however that the entire remaining balance of the Security Deposit as of the Termination Date shall be returned to Aero in the event that Aero terminates this Agreement pursuant to Section 11.1(d);

(c) those contained in Section 6.3 that require Aveos to deliver to Aero any digitized certificates in respect of a Part, but only to the extent that such certificates have, as of the Termination Date, been digitized;

(d) those contained in Section 6.15 but only until the 90th day following the Termination Date;

(e) those contained in the provisions of Sections 2–, 7–, 8–,10– 13, 14.4 and 14.5.

SECTION 12 - **EL SALVADOR BULK SALE**

12.1 Aeroman shall purchase all of the Parts located at the TACA and Aeroman facilities as of September 1, 2010 on an "as is, where is" basis consistent with Section 8– hereof for an aggregate price of US$542,000.00, reduced by the amount of payments received by Aero from Aeroman in respect of Parts consumption after August 31, 2010, plus applicable taxes. As part of this purchase transaction, Aero agrees that consumption of Parts by TACA and Aeroman after August 31, 2010 will not be invoiced by Aero and there will be no Payables in respect of such consumption.

12.2 Aeroman shall pay the purchase price for the Parts referred to 12.1 within 10 Business Days of the Court Approval Date.

12.3 The completion of the transaction contemplated by this Section 12 shall be conditional upon Aero satisfying itself, in its sole discretion, on or prior to the Court Approval Date that such transaction would not result in a violation of the *International Traffic in Arms Regulations* of the United States, or any other export control legislation or regulation of the United States or any other jurisdiction, in each case by either Aero or the Joint Administrators. No party other than Aero or the Joint Administrators may rely upon any such determination made by Aero as a statement or indication of compliance by that party with any applicable laws. In the event that Aero is unable to make such a determination on or before the Court Approval Date, the parties hereto agree to enter into an arrangement for the uplift of all Parts located at the Aveos Parties Facilities in El Salvador on terms consistent with Section 6 above. If Aero elects to proceed with an uplift of all Parts located at the Aveos Parties Facilities in El Salvador, the Security Deposit shall be increased to US$2.2 million, with US$1.8 million attributed to the Draw Down Deposit and $400,000 attributed to the Fixed Deposit. Labour Costs for Aeroman shall be as prescribed in Schedule 6.9.

SECTION 13 - **JOINT ADMINISTRATORS**

13.1 General exclusions

(a) The Joint Administrators shall incur no personal liability under, or by virtue of, this Agreement, or in relation to any related matter or claim howsoever, whenever, and wherever arising, and whether such claim be formulated in contract, restitution or tort or by reference to any other remedy or right, and in whatever jurisdiction or forum.

(b) The Joint Administrators are agents of Aero and Aero PLC and shall incur no personal liability by reason of their acting in that capacity.

(c) Nothing in this agreement shall operate to restrict or affect in any way any right of the Administrators to any indemnity, charge, lien or assurance to which by contract or statute the Joint Administrators are entitled in respect of Aero and Aero PLC.

(d) To the extent that Aveos and/or Aeroman have any rights or claims arising out of or in connection with this Agreement, they shall not amount to expenses of the administration or disbursements whether under paragraph 99 of Schedule B1 of the Insolvency Act 1986, Rule 2.67(1) of the Insolvency Rules 1986 or otherwise and Aveos and Aeroman expressly agree to waive such rights.

(e) The Joint Administrators are parties to this Agreement solely for the purposes of Section 2, Section 13 and Section 14.1 hereof.

(f) The provisions of this Section 13 are made for the benefit of, and may be enforced by, the Joint Administrators, their firm, and any of their partners, employees, agents or advisors.

13.2 Specific Exclusions

(a) Aveos and Aeroman warrant and undertake to Aero, Aero PLC, the Joint Administrators and the Foreign Representatives that in respect of Parts consumed by the Aveos Parties after November 10, 2009 or to be consumed by the Aveos Parties under this Agreement, that in each case they have complied, and shall continue to comply, with all applicable laws including, without limitation, health and safety legislation provided that Aero, Aero PLC, the Joint Administrators and the Foreign Representatives shall only be entitled to make a claim or seek a remedy from Aveos and Aeroman for a breach of this warranty and undertaking if such breach results, or could result, in:

(i) a claim or action against the Administrators or the Foreign Representatives personally, or any of such persons bearing any loss, expense or liability whatsoever (whether or not such loss, expense or liability could be reimbursed from the assets of Aero or Aero PLC); or

(ii) a claim or action against Aero or Aero PLC, or such entities bearing any loss, expense or liability, where such claim or action would result in, or such loss, expense or liability would be an administration expense as a matter of English law, including without limitation under Paragraph 99 of Schedule B1 to the Insolvency Act 1986 (an English statute) or Rule 2.67 Insolvency Rules 1986 (an English statutory instrument), each as amended from time to time.

(b) Aveos and Aeroman accept that the sale of the Parts under these conditions of sale is on the basis that Aveos and Aeroman shall accept all risk in respect of those assets from the time of sale by Aero and shall put in place insurance policies in such

amounts and covering such risks as Aveos and Aeroman deem appropriate in accordance with industry standards.

(c) Nothing in these conditions of sale or the terms of any contract entered into by Aero for the supply of Parts shall operate to restrict or affect in any way any right of the Administrators to indemnity, or to a lien, whether under paragraph 99 of Schedule B1 or section 234 of the Insolvency Act 1986 or otherwise; provided, however that nothing in this paragraph 13.2(d) is intended to preserve or create any rights of the Administrators to any lien over the Parts sold to the Aveos Parties or any property of the Aveos Parties or to any indemnity from the Aveos Parties.

(d) Nothing in these conditions of sale or the terms of any contract entered into by Aero for the supply of Parts to a customer shall be construed as excluding or attempting to exclude any liability on the part of Aero or the Joint Administrators for fraudulent misrepresentation, or for any liability for death or personal injury arising out of their own negligence.

(e) To the extent that Aveos or Aeroman has any rights or claims arising out of or in connection with these conditions of sale or the terms of any contract entered into by Aero for the supply of Parts to a customer, or this Agreement, they shall not amount to expenses of the administration or disbursements (or any other claim against the estate) whether under paragraph 99 of Schedule B1 of the Insolvency Act 1986, Rule 2.67 (1) of the Insolvency Rules 1986 or otherwise and Aveos and Aeroman expressly agree to waive such rights.

(f) The benefit of all exclusions of liability under these conditions of sale shall accrue to and be enforceable by the Joint Administrators.

(g) The Joint Administrators shall be permitted to disclose Confidential Information (except for Aveos Parties' pricing granted by its suppliers or Confidential Information related to the Aveos Parties' customers, which information remains subject to Section 10) including (without limitation) the terms of this Agreement:

(i) so far as may be necessary for them to fulfil their duties (including without limitation to the secured creditors of Aero);

(ii) to any liquidator or supervisor of a company voluntary arrangement;

(iii) to show appropriate figures as necessary in their administration records, accounts, reports and returns; and

(iv) with the consent of the Disclosing Party, which consent may not be unreasonably withheld, to any third party, other than a Competitor who is interested in purchasing the business of Aero, provided such third party has entered into an appropriate non-disclosure agreement or given appropriate confidentiality undertakings and shall treat the terms of this Agreement as "Confidential Information" under such agreement or undertakings.

In the event that the Joint Administrators intend to disclose Confidential Information pertaining to Aveos Parties' pricing granted by its suppliers or Confidential Information related to the Aveos Parties' customers in accordance with this Section 13.2(g), the Joint Administrators will provide advance written notice to the Aveos Parties to the extent that the Joint Administrators' duties permit them to do so, so that the Aveos Parties may seek a protective order or other appropriate remedy.

SECTION 14 - **GENERAL**

14.1 The obligations of the parties hereto are subject to the conditions that:

(a) an order of the CCAA Court approving this Agreement and providing, *inter alia*, for the vesting of all Parts consumed or purchased by the Aveos Parties in Canada free and clear of all liens and encumbrances on terms satisfactory to the Aveos Parties, acting reasonably, shall have been made on or before January 21, 2011;

(b) the above order has become final, meaning that it has either not been appealed within the applicable time limit or if the order has been appealed, such appeal has been dismissed or withdrawn;

(c) the execution of an agreement between Aveos, Aero and Air Canada regarding invoicing of consumption of C&E by Aveos prior to the Filing Date; and

(d) agreement from Lloyds TSB Commercial Finance Limited on behalf of the senior secured lenders of Aero, on terms satisfactory to the Aveos Parties acting reasonably, that those senior secured lenders will release any interest that they have in the Parts located in El Salvador that have been or will be purchased by the Aveos Parties.

The parties hereto acknowledge that the foregoing conditions are for the mutual benefit of all parties hereto, including the Joint Administrators. The parties hereto further acknowledge that none of the Aero Inventory Group Companies, the Joint Administrators, the Foreign Representatives, the Trustee, the Information Officer or the Receiver will be under any obligation to seek the order contemplated in (a) above or participate in any appeals in respect of such an order unless and until the Trustee and the Joint Administrators have satisfied themselves that seeking such an order or participating in such an appeal would be appropriate in their sole discretion.

14.2 In any case where rights of set off are expressly granted by the terms of this Agreement:

(a) the Aveos Parties shall be entitled to set off amounts payable pursuant to the terms of this Agreement by the Aveos Parties, collectively, against amounts payable pursuant to the terms of this Agreement by Aero to the Aveos Parties, collectively. As a condition precedent to the exercise of the rights provided by this 14.2 in a situation where an Aveos Party is setting off amounts payable by the other Aveos Party in any particular instance, the Aveos Parties shall provide to Aero a written acknowledgment signed by each of the Aveos Parties evidencing their agreement to

the exercise of the rights provided for in this Section 14.3 by Aveos or Aeroman, as applicable; and

(b) Aero shall be entitled to set off amounts payable pursuant to the terms of this Agreement by Aero against amounts payable pursuant to the terms of this Agreement by the Aveos Parties, collectively.

14.3 Aero has in place insurance policies covering aviation product liability, comprehensive general liability, property, and workers compensation liability. During the term of this Agreement, Aero shall make reasonable efforts to obtain and keep in place during the term of the agreement insurance policies covering aviation product liability, comprehensive general liability, property, and workers compensation liability, in such amounts as Aero shall determine in its sole discretion and Aero shall notify Aveos at least 60 days prior to the expiry of any such insurance policy or prior to the effective date of any material change in the type or amount of coverage.

14.4 Except as otherwise stated herein, where any amounts specified as payable pursuant hereto do not include all applicable taxes, such taxes shall be added to the amount specified as payable pursuant hereto.

14.5 If part or all of any clause of this Agreement is illegal, invalid or unenforceable:

(a) It will be read down to the extent necessary to ensure that it is not illegal, invalid or unenforceable; but if that is not possible,

(b) It will be severed from this Agreement and the remaining provisions of this Agreement will continue to have full force and effect, and the parties will attempt to replace that severed part with a legally acceptable alternative clause that meets the parties' original intention in relation to the subject matter severed.

14.6 If a party ("Notifying Party") is wholly or partially unable to perform its obligations under this Agreement because of a Force Majeure Event then, as soon as reasonably practicable after the Force Majeure Event arises, that party must notify the other party of

(a) The extent to which the Notifying Party is unable to perform its obligations under this Agreement; and

(b) The steps the Notifying Party is taking to mitigate, minimise or manage the adverse effects of the Force Majeure Event on the performance of its obligations under this Agreement.

Until the Notifying Party can re-commence complete performance of all of its obligations in accordance with this Agreement, the Notifying Party must continue to perform its other obligations under this Agreement that remain unaffected by the Force Majeure Event (if any) to the extent reasonably practicable.

If the delay arising directly from the Force Majeure Event continues or is reasonably expected to continue for more than thirty (30) days from the date it is first notified of such Force Majeure Event, the party that is not the party wholly or partially unable to perform its

obligations under this Agreement because of the Force Majeure Event may terminate this Agreement immediately by notice in writing. If Aero becomes entitled to terminate the Agreement under this Section 14.6 as a result of a labour disruption and does not do so, then Aero shall not be obligated to pay any of the costs prescribed by Section 5.2(b) in respect of the period commencing on the date that is forty-five (45) days following the date that Aero is first notified of a Force Majeure Event and ending on the cessation of all Force Majeure Events that prevent the Aveos Parties from wholly or partially performing their obligations under this Agreement.

14.7 The Aveos Parties agree that they will provide Aero with access to their staff, premises and information during business hours, or as otherwise agreed by the parties, to facilitate the performance of this Agreement. When at Aveos Parties Facilities, Aero agrees to cause its employees and representatives to comply with such rules as Aveos may specify with regard to access and conduct within the applicable facility, including but not limited to rules with respect to parking, security and safety.

14.8 Neither the Aveos Parties nor Aero shall be entitled to assign or transfer this Agreement, or delegate its obligations hereunder, in each case, in whole or in part, without the other party's prior written consent, which shall not be unreasonably withheld or delayed, provided, however, that:

(a) the Aveos Parties, or any successor or permitted assign thereof, shall be entitled, without the consent of Aero to: (i) assign or transfer all of its rights, and to delegate all of its obligations, under this Agreement, in each case, to (A) any Affiliate of Aveos, provided, however, that the Aveos Parties remain bound by the terms of this Agreement or (B) any acquirer of all or substantially all of the assets of the Aveos Parties; and (ii) to hypothecate, charge, assign by way of security or otherwise encumber this Agreement, or any of its rights and interests hereunder, to or in favour of its lenders or creditors, or an agent, a trustee or other holder on behalf of any such lenders or creditors. In the case of (i)(B) above, the Aveos Parties shall be released from any and all of its obligations, duties and liabilities under this Agreement (the "Aveos Obligations"), to the extent assumed by any such assignee or transferee (the "Assignee"), as and from the effective date of the assignment or transfer and delegation of the Agreement, upon the acceptance in writing of such Assignee to be bound and to perform or discharge all of the Aveos Obligations as fully and to the same extent as if such Assignee had been the original party to this Agreement.

(b) Aero, or any successor or permitted assign thereof, shall be entitled, without the consent of any of the Aveos Parties, to assign or transfer all of its rights, and to delegate all of its obligations, under this Agreement to any Person, provided, however, that if the proposed assignee is a Competitor, then notwithstanding any provision to the contrary, Aero shall not disclose any Confidential Information to such proposed assignee without the consent of the Aveos Parties, and such proposed assignee shall not be granted access to any of the Aveos Parties Facilities, other than the Uplift Sites, without the consent of the Aveos Party that occupies that facility, which consent may be refused at the entire discretion of the Aveos Parties.

For the purposes of this Section 14.8:

(c) "Affiliate" means, any Person, whether alone or together with any other Person, whether directly or indirectly through one or more intermediaries, which is Controlled by or is under common Control of the Party; and

(d) "Control" or "Controlled" means, with respect to a Person, that the Party, directly or indirectly, beneficially owns or exercises control or direction over securities of the Person carrying votes which, if exercised, entitle the Party to elect a majority of the directors of the Person, provided that (a) where the Person is a partnership, other than a limited partnership, the Party holding more than fifty one percent (51%) of the interests of the partnership Controls it, and (b) where the Person is a limited partnership, the general partner of the limited partnership Controls it.

14.9 No rule of construction will apply in the interpretation of this Agreement to the disadvantage of one party on the basis that that party put forward or drafted this Agreement or any provision of this Agreement.

14.10 None of the terms and conditions of this Agreement or anything done or required to be done by virtue of this Agreement will operate as a merger of any of the rights and remedies a party may have under this Agreement and those rights and remedies will at all times continue in force. For greater certainty, and except only as expressly stated otherwise elsewhere in this Agreement, all rights, recourses and remedies under or in relation to this Agreement are cumulative one to another and are not exclusive.

14.11 No failure on the part of any party to this Agreement or any delay in exercising any right under this Agreement shall operate as a waiver of such right.

14.12 Unless the context requires otherwise, any terms or provisions importing the plural shall include the singular and vice versa and any terms or provisions importing the masculine gender shall include the feminine gender.

14.13 This Agreement constitutes the entire agreement between the parties, and, except as specifically set forth herein, the Supply Agreements, the Airworthiness Agreement, the Aeroman Supply Agreement and the Aeroman Service Agreement are of no further force and effect.

14.14 All notices, requests, reports and other communication to any party hereunder will be in writing (including facsimile) and will be given to:

(a) Aero Inventory (UK) Limited, in administration
c/o KPMG LLP
8 Salisbury Square
London, England EC4Y 8BB
Attention: James Robert Tucker

With a copy to:

Ogilvy Renault LLP

Suite 3800, Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4
Fax: (416) 216 3930
Attention: Kevin Morley

(b) **Aveos Fleet Performance Inc.**
2311 Alfred-Nobel
St-Laurent, Quebec H4S 2B6
Fax: (514) 856 7458
Attention: Legal Department

With a copy to:

Aveos Fleet Performance Inc.
2311 Alfred-Nobel
St-Laurent, Quebec H4S 2B6
Fax: (514) 856 7458
Attention: Legal Counsel – Commercial

And to:

Osler Hoskin & Harcourt LLP
1000 De La Gauchetière Street West
Suite 2100
Montreal, Quebec H3B 4W5
Fax : (514) 904 8101
Attention: Sandra Abitan

(c) **Aeromantenimiento, S.A.**
El Salvador International Airport
Comalapa, San Luis Talpa, Department of La Paz
El Salvador C.A.
Fax: +(503) 2366 8810
Attention: Chief Executive Officer

With a copy to:

Aveos Fleet Performance Inc.
2311 Alfred-Nobel
St-Laurent, Quebec H4S 2B6
Fax: (514) 856 7458
Attention: Legal Counsel – Commercial

(d) **KPMG Inc., in its capacities as Trustee and Receiver**
333 Bay St., Suite 4600
Bay Adelaide Centre

Toronto, Ontario M5H 2S5
Attention: Nicholas Brearton

With a copy to:

Ogilvy Renault LLP
Suite 3800, Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4
Fax: (416) 216 3930
Attention: Kevin Morley

Or such other address or facsimile number as such party might hereafter specify by notice to the other parties. Each such notice or request or other communication will be effective: (i) if given by a facsimile transmission, if such facsimile is transmitted to the facsimile number specified, or (ii) if given by any other means, when delivered at the address specified in this section.

14.15 Nothing in this Agreement or any associated circumstances gives rise to any relationship of joint venture, agency, mandate, partnership, or employer and employee between the Aveos Parties and Aero and any personnel of the Aveos Parties.

14.16 This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

14.17 The parties acknowledge that (a) all employees of the Aveos Parties, including those providing Uplift Labour and services resulting in Non-Labour Costs, shall remain the employees of the Aveos Parties and (b) all employees of Aero shall remain the employees of Aero, notwithstanding any provision of this Agreement. Neither Aero nor the Trustee, the Receiver, the Information Officer, the Joint Administrators or the Foreign Representatives shall be liable for any of the Aveos Parties employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the *Bankruptcy and Insolvency Act* (Canada) (other than such amounts as are expressly included in this Agreement) or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act* (Canada).

14.18 This Agreement shall be construed, administered and enforced according to the laws of the Province of Quebec and the laws of Canada applicable therein. Except for those matters subject to Section 7– hereof for which the parties submit to the exclusive jurisdiction of the arbitrator specified therein, each of Aero, Aveos and Aeroman hereby irrevocably and unconditionally agree to submit to the exclusive jurisdiction of the CCAA Court for any dispute, challenge or other similar matter of any type whatsoever in respect of, or related to the subject matter of, this Agreement.

14.19 This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

14.20 The parties hereto confirm that it is their wish that this Agreement as well as all other documents relating hereto, including notices, have been and shall be drawn up in English.

Les parties aux présentes confirment leur consentement à ce que cette convention de même que tous les documents, ainsi que tout avis s'y rattachant, soient rédigés en anglais.

[REST OF PAGE INTENTIONALLY LEFT BLANK – SIGNATURES FOLLOW]

IN WITNESS WHEREOF each party acknowledges and agrees to the terms and conditions of this Agreement.

SIGNED by	)	
AERO INVENTORY (UK) LIMITED (IN ADMINISTRATION)	)	
By JR TUCKER	)	J.Tucker
one of its administrators acting as agent without personal liability pursuant to powers conferred under the English Insolvency Act 1986, duly authorized as he so declares	)	Administrator

SIGNED by	)	
AERO INVENTORY PLC (IN ADMINISTRATION)	)	
By JR TUCKER	)	J.Tucker
one of its administrators acting as agent without personal liability pursuant to powers conferred under the English Insolvency Act 1986, duly authorized as he so declares	)	Administrator

SIGNED by	)	
JR TUCKER	)	J.Tucker
on behalf of **THE ADMINISTRATORS** pursuant to powers conferred by their document of appointment and the English Insolvency Act 1986, duly authorized as he so declares	)	Administrator

[SIGNATURE PAGE FOLLOWS]