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March 21, 2012

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Your reference

Our reference
01020325-0001

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Dear Mr. Rose:

Uplift of Category 3 Consumable and Expendable Spare Parts ("CAT 3 Parts") Owned By Aero Inventory (UK) Limited (in administration) ("Aero")

We write on behalf of the Joint Administrators of Aero (the "Joint Administrators") and on behalf of KPMG Inc., as information officer of Aero (in such capacity, the "Information Officer")

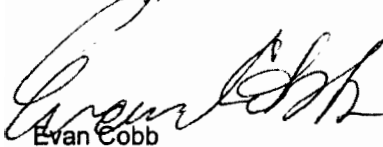
As discussed in chambers before Justice Morawetz on March 19th, Aero and Air Canada have come to agreement on the terms on which Aero-owned CAT 3 Parts may be removed from Air Canada's facilities. That agreement contemplated that Aveos Fleet Performance Inc. ("Aveos") was a suitable party to undertake the removal of those CAT 3 Parts. Based upon the recent insolvency filing of Aveos, the Joint Administrators are concerned that Aveos may no longer be in a position to perform this function.

Alternative parts removal options must be explored. As Air Canada is aware, the Joint Administrators see the parts removal process as a matter requiring urgent attention at this time.

The optimal alternative from Aero's perspective would be to have Aero personnel perform the parts removal activities. Aero, along with the Information Officer and Aero Inventory (Canada) Inc. personnel, intend to commence planning the parts removal process to be undertaken by Aero and will request information and input from Air Canada for that purpose. In particular, Aero will request information from Air Canada on the supervision that Air Canada believes that it will need to put in place (and the costs of that supervision). Aero will also request input from Air Canada in order to avoid material disruption of the normal operations of Air Canada.

Please advise as soon as possible of the appropriate contact at Air Canada who can respond to these matters.

Yours truly,



Evan Cobb

EC/ls

Copy to: Nicholas Brearton, KPMG Inc.
Copy to: Jim Tucker, KPMG LLP

DOCSTOR: 238509411

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