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**From:** Campbell, Angela H **On Behalf Of** Brearton, Nick  
**Sent:** Friday, April 20, 2012 2:35 PM  
**To:** Gilles Néron MBA (gilles.neron@aircanada.ca)  
**Cc:** Norma.Carey@AERO-INVENTORY.COM; subajini.vipul@aircanada.ca; Turpin, Charles  
**Subject:** FW: Aero Inventory (UK) Limited ("Aero UK")

Gilles,

Just to follow up on our meeting on Monday, April 16, I thought it would be worthwhile to quickly summarize the actions associated with operational issues we each undertook to do;

Air Canada ("AC")

- Establish proportion of Aero UK's inventory that has been put on pallets/is segregated on shelves, for AC controlled locations in Toronto and Vancouver.
- Provide excel listings of all materials on pallets, with pallet numbers, and confirm if Artos has been updated to reflect any movement of Aero's parts.
- Advise whether Charlie and Dean can accompany Suba on her visit to AC's Toronto facility (I understand this has been settled already. Charlie and Dean visited AC's Toronto facility on Thursday. In addition, Charlie is awaiting confirmation of a visit to AC's Vancouver facility for next week.
- Contact AC personnel who are responsible for AC's trace documentation and determine whether AC is able to issue Material Transfer Forms ("MTF") for Aero UK stock located in AC controlled facilities.
- Contact AC Real Estate group to arrange for the commencement of a dialogue with Aero UK regarding obtaining a formal lease covering a portion of the Montreal Main Stores.
- Provide the contact name of the AC individual who can be contacted if the VIMS data files are not posted on a particular day or there are other issues that arise.
- Consider a price at which AC would be prepared to immediately pay for its post filing consumption up to February 29, 2012.
- Perform further investigation on AC's stock located at Metro so AC can decide whether it will abandon this stock.

Aero (UK)

- Provide a copy of the 'Ownership Chain' letter that Aero (UK) is seeking from AC (A copy is attached to this email).
- Follow up with Aveos on its intentions regarding the Robot located in Montreal Main Stores (Aveos has advised me that they vacated the premises effective December 31, 2011). They will not be fulfilling their obligation to remove the Robot and therefore have no interest in the condition it is left in. They also intend to abandon any parts they still have in the Robot. I am attempting to get written confirmation of all of this.

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- Aero to advise of additional square footage it requires in the Montreal Main Stores (Aero requires 200 square feet of office space and 5,000 square feet of warehouse space for triage purposes).

If I have missed anything, or got something wrong, please advise as soon as possible.

Subsequent to our discussion, I met with Aveos regarding the uplift of Aero UK's parts located in Canada. Aveos has advised that they are not prepared to hire any unionized labour to facilitate an uplift of Aero UK part (they will, however, provide salaried personnel to sign Material Transfer Forms). As a result, Aero UK has made the decision to hire its own personnel to effect the picking of its parts. I have also learned since our meeting that Aveos intends to initiate an expedited sales process that contemplates a sale closing by July 30. In light of the sales process, and Aero UK's need to have Aveos salaried personnel issue Material Transfer Forms associated with its parts, Aero UK would like to commence the uplift of its parts immediately. Given the large number of Aero UK parts located in the Montreal Main Store, and the productivity restriction imposed by the Robot, it is essential for Aero UK to have immediate access to Montreal Main Stores. Aero UK is therefore asking for the ability to immediately start putting personnel etc into Montreal Main Stores pending finalization of a lease (in the interim, Air Canada can rely on the Uplift Agreement that has been agreed between AC and Aero UK, which includes a commitment of Aero UK to pay rent on the facility). Can you please advise if Air Canada is prepared to proceed on this basis.

Finally, since our meeting Aero UK has had an opportunity to review the VIMS and BAM details and notes that the following AC controlled areas in Montreal are showing up as having Aero UK parts;

<b>Secondary Location</b>	<b>Count of ACID</b>	<b>Sum of Quantity</b>	<b>Sum of Ext_AIP_CDN</b>
<b>YUL</b>			
BPA-YUL	815	14576	\$237,431.36
BPA-YVR	83	5466	\$36,343.73
BPA-YWG	135	1445	\$68,401.44
DATAMGMT	85	1344	\$21,921.49
HMSTORES	53	549	\$6,124.64
LINE	3	3	\$2,328.71
MRP	26	96	\$7,876.00
PROJ9072	1	1	\$0.00
PROJ9088	6	6	\$0.00
PROJ9103	1	3	\$0.00
PROJ9B47	1	2	\$0.01
SALES	4429	68817	\$7,609,896.90
SALES-YUL	102	601	\$67,849.97
SALES-YVR	29	748	\$13,472.77
SALES-YWG	17	48	\$3,128.13
SALES-YYZ	243	2103	\$185,286.42
STORES	3238	167390	\$3,574,962.59
TX	6	139	\$1,286.13
WSTORES	792	106285	\$877,501.13

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<b>Grand Total</b>	<b>10065</b>	<b>369622</b>	<b>\$12,713,811.43</b>
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We would request that you advise of the status of these Aero UK parts.

Thanks for your assistance on this.

Regards,

Nick

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*Air Canada headed paper*

The purpose of this letter is to provide understanding of aspects of the trace paperwork on parts owned by Aero Inventory (UK) Limited (Aero Inventory) extracted from Air Canada storage (although some parts may have been stored at Aveos facilities at this time) in the context of corporate and contract developments from 2004 onward.

Air Canada Technical Services was part of Air Canada ("AC") until it demerged from AC in 2004, at which point it became a separate legal entity, ACTS LP, owned by ACE Aviation Holdings Inc. (ACE). As part of the separation, parts which had been purchased on Air Canada Purchase Orders transferred into the ownership of ACTS LP.

ACTS LP became ACTS Aero Technical Support & Services Inc. ("ACTS") in 2007 after the sale of a 70% interest by ACE and changed its name to Aveos Fleet Support Services in 2008.

Aero Inventory (UK) Limited (Aero Inventory) purchased all ACTS CAT3 material as at 30 June 2007 pursuant to a contract between ACTS and Aero Inventory dated 15 November 2007. ACTS/Aveos continued to issue Purchase Orders for some CAT3 materials, others were ordered by Aero Inventory. Under the terms of that contract all parts ordered by ACTS/Aveos/Aero Inventory to meet the CAT3 parts requirements of ACTS/Aveos after 30 June 2007 were owned by Aero Inventory.

Following the sale for ACTS LP in 2007, and up to the Agreement between Air Canada and Aero Inventory (UK) Limited, any CAT 3 material which was purchased by Air Canada was subsequently transferred to Aveos, and then to AI under the AI-Aveos agreement

On December 10, 2008 a contract was entered into between Air Canada and Aero Inventory (UK) Limited. From that point, any purchases of CAT3 made directly by Air Canada were owned by Aero Inventory.

Parts purchased by Air Canada prior to the 2004 demerger and by Air Canada/Air Canada Technical Services/ACTS LP/ACTS/Aveos/Aero Inventory thereafter were accepted (regardless of the name on the Purchase Order) into stores through a uniform quality process approved by Air Canada.'

Signed on behalf of Air Canada

Name

Position

Date --/--/----