

**IN THE MATTER OF THE BANKRUPTCY OF
AERO INVENTORY PLC (“AIPLC”)
OF THE CITY OF LONDON, UNITED KINGDOM**

MINUTES OF THE FIRST MEETING OF CREDITORS (the “Meeting”)

Estate: 31-456352

held on the 7th day of April, 2014, at the hour of 11:00 am EDT held in person in Toronto, via video conference for attendees in the UK and conference call for creditors unable to attend either in Toronto or the UK. The following were in attendance:

Name	Company	Location	Capacity
Nick Brearton	KPMG Inc.	Toronto, Canada	Trustee & Chair of the meeting (the “Chair”)
Jorden Sleeth	KPMG Inc.	Toronto, Canada	Observer
Tim Montgomery	KPMG Inc.	Toronto, Canada	Observer
Evan Cobb	Norton Rose Fulbright LLP	Toronto, Canada	Counsel to the estate of AIPLC
John Porter	Thornton Grout Finnigan LLP	Toronto, Canada	Counsel to Lloyds
Kathryn Esaw	Stikeman Elliott LLP	Toronto, Canada	Counsel to Air Canada
David Pike	KPMG UK	London, UK	Representative of the Administrator and therefore the Representative of AIUK
Lyndsay Burch	KPMG UK	London, UK	Observer
Amanda Veck	KPMG UK	London, UK	Observer
Jeff Oakman	KPMG UK	Tele conference	Observer
John Fenton Jones	Lloyds TSB Commercial Finance Limited (“Lloyds”) as Administrative Agent for a syndicate of secured lenders	London, UK	Creditor
Darren Gibbons	Sistena Limited (“Sistena”)	Tele conference	Observer

The Chair opened the Meeting at 11:00 am, introduced the attendees, reviewed the agenda and gave an overview of the purpose of the Meeting.

Quorum

The Chair established that a quorum of creditors was present as a representative from Lloyds was present at the meeting.

Items Tabled at the Meeting

The Chair tabled the following documents at the Meeting:

- a) Assignment and Certificate of Appointment;
- b) Proof of service of creditors package; and

c) Statement of Affairs.

The Chair advised that these items were available for review by those in attendance at the Meeting. None of the attendees reviewed these documents.

Considering the Affairs of AIPLC

a) Trustee's Report on Preliminary Administration:

The Chair reviewed the Trustee's Report on Preliminary Administration of AIPLC (the "Report") for the Meeting. A copy of the Report is attached as Appendix "A". There were no questions on the Report from the Meeting.

b) Review of Claims

The Chair advised that one claim with a total claim value of approximately \$602.8 million was filed for voting purposes by Lloyds with the Trustee prior to the meeting. The unsecured claim filed by Lloyds (i.e. total gross claim of US\$489.2 million less estimated security value of US\$0 plus accrued interest from the commencement of the Administration Proceedings of US\$77.6 million) totaled \$602.8 million. However, for voting purposes, the Chair advised that this claim would be admitted at \$506.3 million, the amount recorded in AIPLC's books and records. The balance of the claim (i.e. \$602.8 million less \$506.3 million) would be marked as "objected" but Lloyd's could still vote its claim at the amount recorded in AIPLC's books and records (i.e. \$506.3 million).

c) Statement of Affairs

The Chair invited questions from the Meeting on the statement of affairs and the bankruptcy. No questions were asked.

Appointment of the Trustee

The Chair sought a motion to affirm the appointment of KPMG Inc. as the Trustee in Bankruptcy of AIPLC (the "Trustee"). Mr. Porter, who held the proxy for Lloyd's, tabled a motion to affirm KPMG Inc.'s appointment as Trustee. Mr. Porter voted in favour of the motion, resulting in KPMG Inc. being affirmed as the Trustee

Appointment of Inspectors

The Chair sought volunteers to act as inspectors of the AIUK Estate. Mr. Gibbons volunteered to be an inspector. The Chair advised the Meeting that Mr. Gibbons was eligible to be an inspector even though neither Sestina nor Mr. Gibbons were a creditor AIPLC. Mr. Porter advised that Mr. Fenton Jones was willing to act as an Inspector, subject to an acknowledgement from the Trustee that Mr. Fenton Jones, as a representative of Lloyds, may be required to abstain from voting on any matters where

there is an actual or perceived conflict between Lloyds' interests and those of the estate of AIPLC (the "Estate"). The Chair acknowledged this concern and advised that Mr. Jones could excuse himself from any discussions and/or abstain from voting on matters where Lloyds has an actual or perceived conflict with the Estate. In addition, the Chair advised that the Trustee would copy any Inspector related correspondence for Mr. Fenton Jones to Mr. Porter.

Mr. Porter made a motion for the appointment of Mr. Gibbons and Mr. Fenton Jones as inspectors of the Estate. Mr. Porter subsequently voted in favour of the motion. Mr. Gibbons and Mr. Fenton Jones were therefore elected as inspectors of the Estate.

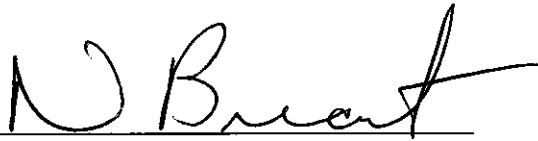
The first meeting of Inspectors will be scheduled a week or so following the Meeting.

Directions by the Creditors to the Trustee

The Chair asked if the creditors had any questions or directions for the Trustee. No questions or directions were received.

Closing the Meeting

There being no further business, the Meeting was closed at 11:10 am EDT.

A handwritten signature in black ink, appearing to read "Nick Brearton". The signature is written in a cursive style with a long horizontal stroke at the end.

Nick Brearton, Chair

Appendix "A"

IN THE MATTER OF THE BANKRUPTCY OF AERO INVENTORY PLC OF THE CITY OF LONDON, UNITED KINGDOM

TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION

SUPERINTENDENT'S FILE NUMBER: 31-456352

Background

Aero Inventory PLC ("AIPLC") was the sole shareholder of Aero Inventory (UK) Limited ("AIUK" and, collectively with AIPLC, the "Companies").

AIPLC was a publicly traded company, listed on the AIM of the London Stock Exchange. Together with AIUK and the overseas subsidiaries ("the Group"), it provided outsourced procurement of consumable and expendable aircraft parts to the aerospace sector on a consignment basis.

The Group was funded by a Revolving Facilities Agreement and a Debt Purchase Agreement, each dated 15 February 2008, as subsequently amended, to a maximum of US\$500 million combined, with Lloyds TSB Commercial Finance Limited ("Lloyds") as Agent and Security Trustee for a syndicate of lenders (the "Lenders"). Under the above facilities, AIUK and AIPLC were both obligors. The obligations of AIUK and AIPLC were secured by charges over virtually all of their respective assets.

AIPLC and AIUK were incorporated on 12 January and 4 March, 1994, respectively, and are headquartered in Barnet, London. Overall, the Group operated in 14 countries: United Kingdom, Australia, Canada, Japan, Hong Kong, El Salvador, Mexico, Ireland, Switzerland, Bahrain, UAE, China, Indonesia and the USA.

AIUK was the principal trading entity in the Group for all contracts. It held the shares in a number of service companies which provided all of the local management services (i.e. retention of employees and entering into leases (real property and otherwise)) in certain of the Group's trading regions.

The Group's main business was the provision of inventory and certain inventory procurement services to airlines and maintenance, repair and overhaul organisations. The Group's principal customers included Air Canada/Aveos (Canada), Qantas (Australia), SR Technics (Switzerland, UK & Ireland), HAECO Group (Hong Kong, China & Bahrain), All Nippon Airways (Japan) and GMF (Indonesia).

Events leading up to the appointment

The Group made a series of announcements from 26 October 2009 in which they highlighted accounting issues with the value of certain inventory parcels and then expanded the scope of their investigation to cover physical inventory discrepancies, the sources and uses of cash during the previous 12 months and the current business viability.

In addition, changes took place to the executive team and AIPLC appointed Colin Trupp and Swag Mukerji as Acting CEO and Interim CFO, respectively.

At that time, the Group faced looming defaults under its facilities with the Lenders and on 11 November 2009 the Group announced that it had not been able to secure additional accommodations from the Lenders to allow it to continue to trade.

As such, James Robert Tucker, Richard Heis and Allan Watson Graham of KPMG LLP (collectively, the "Foreign Representatives") were appointed as Joint Administrators of the Companies on November 11, 2009 in proceedings commenced by an order of the High Court of Justice of England and Wales (Chancery Division, Companies Court) (the "Administration Proceedings"). The appointment was made at the request of the Companies' directors.

The Administration Proceedings were recognized by the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") under Part IV of the *Companies' Creditors Arrangement Act* (Canada) and a stay of proceedings against the Companies was granted by the Canadian Court on November 11, 2009.

The Foreign Representatives subsequently applied to the Canadian Court for an order lifting the stay of proceedings (the "Lift Stay Order") for the limited purpose of allowing the Companies to be assigned into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), with KPMG Inc. being appointed as trustee in bankruptcy (the "Trustee"). The Lift Stay Order was granted on January 22, 2010 and the Companies were assigned into bankruptcy on the same day.

The Canadian bankruptcies of the Companies were commenced for the express purpose of preserving the right to pursue any reviewable transactions, settlements, preferences, undervalue transactions, or similar transactions that may have taken place during the statutory review period prescribed by the BIA.

On February 10, 2010, the Trustee was temporarily relieved by the Canadian Court from complying with its obligations under certain sections of the BIA.

On 3 February 2014, the Canadian Court issued an order requiring the Trustee to take steps necessary to comply with its obligations under the BIA and regularize the bankruptcies of the Companies, subject to the terms of the February 3, 2014 order of the Canadian Court.

Professional Disclosures

KPMG Inc.'s appointments in respect of the Group are as follows:

Appointment	Appointment Date
a) Information Officer of the Companies	November 11, 2009
b) Receiver and Manager of Aero Inventory (Canada) Inc. / Aero Inventaire (Canada) Inc.	December 1, 2009
c) Trustee in bankruptcy of AIUK	January 22, 2010
d) Trustee in bankruptcy of AIPLC	January 22, 2010

The Trustee's legal counsel, Norton Rose Fulbright Canada LLP (formerly Ogilvy Renault LLP) are legal counsel to the Foreign Representatives, the information officer, the receiver and manager of Aero Inventory (Canada) Inc. / Aero Inventaire (Canada) Inc., the trustee in bankruptcy of AIUK and the trustee in bankruptcy of AIPLC.

Section A: Trustee's Duties

The BIA requires the Trustee to give security in cash or by bond of a guaranty company in an amount set by the Official Receiver. There has been no bond set in this estate.

The BIA also requires the Trustee to take possession of AIPLC's records and property. All records and property were secured by the Foreign Representatives prior to the appointment of the Trustee.

The Recognition Order established that the Administration Proceedings are "foreign main proceedings". As a result, the Court has recognized the Administration Proceedings as the primary proceedings in which the assets of the Companies will be dealt with.

The Trustee did not believe that it would be appropriate to take steps inconsistent with that recognition and expected that the Joint Administrators would have strongly opposed any attempt to do so. Even in the absence of this overriding policy consideration, the Trustee believed that it was highly unlikely that any material assets belonging to AIPLC as at the date of the bankruptcy could have been realized upon by the Trustee for the benefit of the estate. Further, any attempts to effect such realizations would be both costly and uncertain in outcome.

With respect to the Companies' assets located outside of Canada, this position is consistent with relief granted by the Canadian Court on April 8, 2013, which provided that:

the effects of the bankruptcy proceedings commenced under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, in respect of the Foreign Debtors [i.e. the Companies] will not apply to the

Foreign Debtors' assets, property and undertaking currently located outside of Canada and the Trustee shall have no liability or duty in respect of any dealings by any party, including the Foreign Debtors and Diversified Aero Inventory I, LLC, with the assets, property or undertaking of the Foreign Debtors located outside of Canada.

With respect to the Companies' assets located within Canada, this position is also consistent with relief granted by the Canadian Court on April 29, 2013 that, with the exception of certain holdback amounts, the proceeds from the sale of substantially all of the Companies' Canadian assets, which closed on April 30, 2013 would be dealt with in accordance with the Administration Proceedings and any party asserting an interest in such proceeds shall only be entitled to do so to the extent legally permissible in the Administration Proceedings.

This position is also consistent with the security interests of Lloyds and the apparent shortfall that the Lenders would face.

Property of the bankrupt not divisible amongst creditors

Not applicable (Refer to Section E below).

Property placed under the guardianship of the Trustee

The primary assets of the estate of AIPLC that the Trustee may have an interest in at this time are the potential recoveries that may be available from the Preference Motion (as defined below).

The Preference Motion claims recoveries in the amount of US\$75.5 million from Air Canada.

On August 18, 2011, the Canadian Court concluded as follows with respect to the Preference Motion:

1. the proceeds recovered by the Trustee are [to be] brought into the estate;
2. distribution under the BIA is subject to the rights of recovery of secured creditors;
3. the bringing of a preference action and the recovery of proceeds does not preclude secured creditors from pursuing whatever remedies they may have under the provisions of the security agreement and relevant statutes.

Section B: Conservatory and Protective Measures

As noted above, any conservatory and protective measures were taken by the Foreign Representatives prior to the appointment of the Trustee.

Section C: Legal Proceedings

As stated above, the bankruptcy proceedings of the Companies were commenced for the express purpose of pursuing any reviewable transactions, settlements, preferences, transfers at undervalue, or similar transactions that may have taken place during the statutory review period prescribed by the BIA.

The Trustee completed a review of transactions that occurred during the statutory review period under the BIA between the Companies and each of their material creditors in Canada, being Aveos Fleet Performance Inc. and Air Canada. In April of 2010, the Trustee brought a motion seeking certain remedies against Air Canada pursuant to Section 95 of the BIA as a result of transactions between the Companies and Air Canada during the pre-bankruptcy period (the "Preference Motion").

The Foreign Representatives and the Trustee are now in a position to take steps to pursue any reviewable transactions, including the Preference Motion.

Section D: Provable Claims

As at April 4, 2014, the Trustee has received one proof of claim from Lloyds in the amount of US\$566,788,750.30. The Trustee has not yet undertaken a detailed review of the accuracy or validity of this claim as it is uncertain at this time that the difference between the amount of this claim as filed and the amount reflected in AIPLC's books and records would have a material impact on the results of any voting at the first meeting of AIPLC's creditors.

The Trustee notes that this proof of claim is for voting purposes only.

Section E: Secured Creditors

AIPLC's books and records indicate that the Lenders' gross claim at the date of our appointment (i.e. prior to ongoing interest and realizations from AIUK) totals \$506,255,530.00 which relates to AIPLC's guarantee of the secured debt of its wholly owned subsidiary, AIUK. The Foreign Representatives have advised of their belief that the Lenders will suffer a significant shortfall on its loans to AIUK.

The Trustee has also been advised by the Joint Administrators that they retained Jones Day LLP as independent counsel to review the Lender's security in the UK, their conclusion being that the Lenders hold valid security over AIPLC's assets, such assets being the shares of AIUK.

Section F: Anticipated Realization and Projected Distribution

The only assets of AIPLC are its shares in AIUK, which the Foreign Representatives expect will have no value (i.e. AIUK's secured lenders, whose security cover substantially all of that company's assets, are expected to suffer a significant shortfall).

Accordingly, and prior to consideration of the potential realizations that may arise from the above referenced Preference Motion, the Trustee expects there will be no funds available for distribution to unsecured creditors. In the case of the Preference Motion, if the motion is decided in favour of the Trustee's position, it is expected that the Court will also determine entitlement to the associated recoveries (i.e. whether the Lenders or the estates of AIPLC or AIUK get the recoveries).

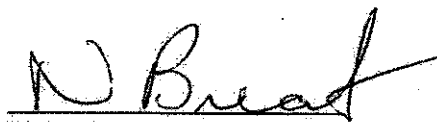
Section G: Reviewable Transactions and Preference Payments

Please see Section C: Legal Proceedings

Section H: Other Matters

No other matters to report.

DATED AT TORONTO, ONTARIO this 7th day of April, 2014.



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