



Frequently Asked Questions Consensual Financial Restructuring

Q. What did Aveos announce today?

A. We announced that we have reached an agreement in principle with our lenders to reduce our outstanding debt and create an appropriate capital structure to support the company's long-term strategic plan and business objectives.

Q. What does today's announcement mean?

A. This is very good news for our company, our employees, customers, partners and suppliers. The announcement means that the parties have agreed on the framework for a new appropriate capital structure. The restructuring plan will reduce our financial debt from approximately \$800 million to approximately \$75 million. In addition, it will provide Aveos with a new \$75 million working capital facility (line of credit). The new capital structure, combined with healthy EBITDA margins and a reduced cost structure will lay a foundation for long-term growth and provide the financial flexibility to support our business plans.

Q. How is the restructuring plan changing Aveos ownership?

A. Aveos will have new owners. As part of the transaction, the lenders have agreed to convert their remaining debt into equity and will hold a majority stake. Air Canada, Aveos' largest customer will become a shareholder with a minority stake. The new owners believe that the fundamentals of the company's business remain strong and the short-term to long-term outlook is positive.

Q. What prompted the new owners to participate in the plan to recapitalize Aveos?

A. The new owners are firmly convinced that the fundamentals of our business are strong and the short-term to long-term outlook is positive. Their participation will improve our financial flexibility and put us in an even stronger position to work with our customers to leverage mutual growth opportunities as we move forward.

Q. Will the restructuring plan affect daily operations?

A. The restructuring plan, or recapitalization, will position us to better focus on our operations, grow our business and do what we do best – offer customers the best value, quality services and reliability. Day-to-day contacts will remain the same and operations will continue as planned for employees, customers and suppliers.

Q. Does this announcement mean Aveos is out of operating capital?

A. On the contrary, Aveos has reached an agreement in principle with lenders on the terms of a plan to reduce its outstanding debt and create an appropriate capital structure to support the company's long-term objectives. Coupled with our strong financial performance in 2009, our debt reduction and a new \$75 million working capital facility (line of credit), we have the financial flexibility to support our business plans and the operating flexibility to work with customers on growth opportunities. In fact, despite the difficult economic environment, Aveos has been EBITDA-positive for the past 9 of 11 quarters and its cash flow from operations has been positive since Q1 2007. Moreover, Aveos has been weathering the economic crisis and generating healthy EBITDA margins while working on restructuring its finances, and significantly reduced its costs in 2008 and 2009 in line with new economic realities. As a matter of best practice, we will continue to manage our cash tightly, diligently control costs and aggressively improve our businesses.

Q. Are there any conditions to the implementation of the financial restructuring?

A. The closing of this transaction is expected to take place in the first quarter, and is subject to customary closing conditions.

Q. What is the short-term to long-term forecast for Aveos?

A. Aveos is paving the way for a brighter future. We will be emerging from our financial restructuring process with a much healthier balance sheet and are generating healthy EBITDA margins. The new capital structure combined with healthy EBITDA margins and reduced cost structure will put us in an even stronger position to work with our customers to leverage mutual growth opportunities as we move forward.

Q. Going forward, what is Aveos' strategy and overall mission?

A. Aveos continues towards its vision of becoming a total solutions provider of maintenance services. We have been building a network of partners to deliver comprehensive and seamless fleet performance expertise, expanding our capabilities and improving our speed of delivery – key benefits for our customers. Our deep industry knowledge from having been a part of an airline allows us to better focus on meeting customer needs and the objectives in our business plan are designed to achieve short-term to long-term profitability, while offering customers the best value, quality services and reliability. We are emerging from our recapitalization stronger, better aligned to meet the needs of a changing market and with the operating flexibility to be a world-class leader in the MRO industry.

Q. Does the restructuring process affect Aeroman?

A. Aeroman, the Aveos affiliate in El Salvador, is not affected by the restructuring.

Q. Is there any impact on employees as a result of the restructuring?

A. There is no impact on employees as a result of this restructuring. As well, the terms of the collective agreement are unaffected.

Q. How will the consensual restructuring affect customers?

A. The new capital structure, healthy EBITDA margins and reduced cost structure will lay a solid foundation for long-term growth and give Aveos the financial flexibility to support its business plans. We will be in an even stronger position to work with our customers to leverage mutual growth opportunities, and better focused on meeting their needs and offering them the best value, quality services and reliability.

Q. Does the financial restructuring have any impact on payments for goods delivered or services rendered?

A. There are no changes to our partners' ongoing relationship with Aveos. They should communicate with their usual contacts regarding ongoing payments.