

AIR CANADA



May 29, 2003

To Whom it May Concern:

Subject: Incident/ Accident Statement

With respect to Boeing 767-233 aircraft, MSN 22528, registration C-GAVF. This is to confirm that this aircraft while in service with Air Canada was not involved in any Major Incidents or Accidents as defined in ICAO Annex 13.

Yours sincerely,

David McLean
Manager, Quality Assurance
Air Canada Technical Operations

CONSIGNMENT AGREEMENT

THIS AGREEMENT made as of August ²⁰, 2004 between **GA TELESIS TURBINE TECHNOLOGIES, LLC.**, A Florida Limited Liability Company, with its principal place of business at 5400 NW 35th Avenue, Ft. Lauderdale, Florida 33309, USA ("**GAT**") and **PROCOR LIMITED**, a Canadian limited liability company with its principal place of business at 2001 Speers Rd., Oakville, ON L6J5E1, Canada ("**OWNER**").

RECITALS

WHEREAS, OWNER owns one (1) Boeing 767-200 aircraft fitted with two (2) Pratt & Whitney JT9D-7R4 engines, described more specifically on Exhibit A hereto (the "Inventory") and desires to offer the Inventory for lease, sale and dismantling for parts for further marketing and selling; and

WHEREAS, GAT has experienced, lease, sales, marketing, technical and administrative personnel capable of selling aircraft, aircraft parts, selling and leasing engines, and engine parts, dismantling engines, facilitating repairs, warehousing, marketing, selling and distributing;

NOW, THEREFORE, in consideration of the mutual obligations and undertakings set forth below, the parties hereby covenant and agree as follows:

ARTICLE 1: AGREEMENT TO CONSIGN AND SELL

OWNER hereby appoints **GAT** as its marketing and sales organization for the sale of the Inventory and agrees to consign the Inventory to **GAT**; and **GAT** agrees to accept the consigned Inventory and to market and sell the Inventory, all which shall be subject to the conditions and restrictions herein contained. **GAT** shall be the marketing and sales organization for the Inventory and exclusive marketing and sales organization for the Parts Inventory consigned under this Agreement.

ARTICLE 2: DEFINITIONS

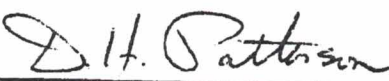
Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Agreement to be equally applicable both to the singular and plural forms of the terms herein defined:

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

GA TELESIS TURBINE TECHNOLOGIES, LLC

By: 
Abdol Moabery
Its: President & CEO

PROCOR LIMITED

By: 

Its: **David H. Patterson, P.Eng., M.B.A.**
Vice President - Finance

Exhibit A

Engine Manufacturer	Engine Model	Engine Serial Number	Engine Condition
P&W	JT9D-7R4D	709668	Installed on Aircraft
P&W	JT9D-7R4D	709620	Installed on Aircraft

Aircraft Manufacturer	Aircraft Model	Aircraft Serial Number
Boeing	767-233	22528

Doc Id. No. 385625.2

BILL OF SALE

This indenture made as of 31st day of December, 1987 between AIR CANADA having its principal place of business at Place Air Canada, 500 Dorchester Blvd. West, of the City of Montreal, Quebec (herein called the "bargainor"), of the first part, and PROCOR LIMITED (herein called the "bargainee") having its principal place of business at 2001 Speers Road, Oakville, Ontario, of the second part.

WHEREAS the bargainor is possessed of the goods and chattels hereinafter described, and has agreed with the bargainee for the absolute sale thereof to it for the sum of \$ [REDACTED]

NOW THIS INDENTURE WITNESSETH that the pursuance of the said agreement and in consideration of said sum of \$ [REDACTED] paid to the bargainor by the bargainee, the bargainor hereby bargains, sells and assigns to the bargainee, its successors and assigns, the goods and chattels described in Appendix A hereto, all of which said goods and chattels are now in the possession of the bargainor, and all the right, title, interest, property, claim and demand whatsoever of the bargainor thereto, all of which goods being in the possession of the bargainor and in respect of the airframe and engine bearing serial No. P709668 are located at Lester B. Pearson International Airport, Ontario at 2030 hours EST and in respect of engine serial No. P709620 is located at Montreal International Airport (Dorval), Quebec at 2030 hours EST.

TO HOLD AND TO HOLD the said goods and chattels, and all the right, title and interest of the bargainor thereto and therein, to the use of the bargainee.

The bargainor hereby for itself, its successors and assigns covenants with the bargainee, its successors and assigns, that the bargainor is now rightfully and absolutely possessed of and entitled to the said goods and chattels and every one of them and every part thereof; and that the bargainor now has in itself good title and right to assign the same unto the bargainee, that the bargainee shall and may from time to time and at all times hereinafter peaceably and quietly have, hold, possess and enjoy the said goods and chattels and every one of them and every part thereof, to and for its and their own use and benefit without any manner of hindrance, interruption, molestation, claim or demand whatsoever of, from or by the bargainor or any other person or persons whomsoever; and that the goods and chattels are free and clear; and that

- 2 -

the bargainee shall be absolutely released and discharged or otherwise effectually indemnified from and against all former and other bargains, sales, gifts, grants, titles, charges and encumbrances whatsoever.

The bargainor hereby assigns and makes available to the bargainee such rights as the bargainor may have under any warranty (express or implied) or under any guarantees, service policies or otherwise (including performance and material cost guarantees) or otherwise with respect to the Aircraft made by manufacturer or any other manufacturer as the case may be, or any sub-contractor or supplier of the manufacturer, or such other manufacturer, as the case may be, to the extent the same exist in favour of the bargainor and are capable of being assigned or otherwise made available.

And, moreover, that the bargainor and all persons rightfully claiming or to claim any estate, right, title, or interest of, in or to the said goods and chattels, and every one of them, and every part thereof, shall and will, from time to time, and at all times hereinafter upon every reasonable request of the bargainee but at the cost of the bargainee, make, do and execute, or cause or procure to be made, done and executed, all such further acts, deeds and assurances more effectually to assign and assure the said goods and chattels to the bargainee, as the bargainee shall reasonably require.

This Indenture shall be governed by the laws of Ontario and those of Canada applicable herein.

IN WITNESS WHEREOF the parties hereto have executed this Bill of Sale as of the day and year first above written.

[Signature]
WITNESS

AIR CANADA

Per: *[Signature]*Per: *[Signature]*
ASSISTANT SECRETARY

PROCOR LIMITED

Per: *[Signature]*

Per: _____

A P P E N D I X A

TO BILL OF SALE

Description of AircraftA. THE AIRCRAFT:

<u>Manufacturer</u>	<u>Type and Serial Number</u>	<u>Registration</u>
Boeing	767-233 22528	C-GAVF

B. THE ENGINES:

<u>Manufacturer</u>	<u>Type and Serial Number</u>
1. Pratt & Whitney	JT9D P709620
2. Pratt & Whitney	JT9D P709668

C. MANUALS AND TECHNICAL RECORDS:1. PUBLICATIONS

- .1 Three (3) Aircraft Maintenance Manuals (Microfiche)
- .2 Three (3) Aircraft Wiring Diagram Manuals (Microfiche)
- .3 Three (3) Aircraft Illustrated Parts Catalogues (Microfiche)
- .4 Three (3) Engine Maintenance Manuals (Microfiche)
- .5 Three (3) Engine Illustrated Parts Catalogues (Microfiche)
- .6 One (1) FAA Approved Aircraft Flight Manual
- .7 One (1) Weight and Balance Manual and Supplements
- .8 One (1) Last Weighing Report
- .9 One (1) Galley Overhaul Manual
- .10 One (1) Passenger Seat Overhaul Manual

- 2 -

- .11 Three (3) Interior Arrangement Drawings
- .12 One (1) Emergency Equipment Layout Diagram
- .13 One (1) Aircraft Detail Specification

2. AIRCRAFT, ENGINE AND COMPONENT RECORDS

- .1 One (1) Engine Service Bulletin Accomplishment List
- .2 One (1) Aircraft Service Bulletin Accomplishment List (Manufacturer's SB Number)
- .3 One (1) Aircraft, Engine and Component Airworthiness Directive and Engineering Order Status List
- .4 One (1) Aircraft Flight Times Record Report
- .5 One (1) Engine Status giving:
 - (a) Life consumed on all hard life Parts
 - (b) Life remaining on all hard life Parts
 - (c) Time since last shop visit
 - (d) Part Numbers and Serial Numbers of all hard life Parts
- .6 Two (2) Aircraft Avionics and Engine Components fitted listings showing Part Number, Serial Number and time due off
- .7 One (1) Airframe Check and Maintenance Records

3. CERTIFICATES

- .1 Copy of Radio License
- .2 Copy of Certificate of Airworthiness
- .3 Copy of Certificate of Registration
- .4 Copy of original U.S. Export Certificate of Airworthiness

AIR CANADA 

BY FACSIMILE: (905) 827-0800

May 9, 2003

PROCOR LIMITED2001 Speers Road
Oakville, Ontario
L6J 5D1

Attention: President

Re: **Air Canada, 3838722 Canada Inc., Air Canada Capital Ltd., Jazz Air Inc., Manoir Int'l Finance Inc., Simco Leasing Ltd., Wingo Leasing Inc. and Zip Air Inc. (the "Applicants")**

Operating Lease Agreement (the "Lease") dated as of December 31, 1987 between Procor Limited and Air Canada, relating to one Boeing 767-233 Aircraft, msn 22528 and Canadian registration marks C-GAVF (the "Aircraft")

Dear Sirs:

On April 1, 2003, the Applicants sought and obtained protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") pursuant to the Initial Order of the Honourable Mr. Justice Farley, as amended and restated (the "Amended and Restated Order"). A copy of the Amended and Restated Order is available at www.stikeman.com/ac and www.aircanada.ca.

Pursuant to subparagraph 24(f) of the Amended and Restated Order, each of the Applicants has the right to terminate or suspend such of their arrangements or agreements of any nature whatsoever (including, without limitation, aircraft and equipment leases), whether oral or written, as the Applicants deem appropriate in order to permit the Applicants to proceed with an orderly Restructuring (as such term is defined in the Amended and Restated Order).

Air Canada hereby gives you notice that it is terminating the Lease in respect of the Aircraft and any ancillary agreements relating thereto effective May 30, 2003.

Air Canada hereby gives you notice that the Aircraft (including the engines subject to the Lease) will be available for return to you on May 30, 2003, at the Avtel storage facility located at the Mojave Airport, 16880 Avtel Drive, Mojave, California. Further, Air Canada advises you that it will continue to insure and store the Aircraft as currently insured and stored, only up to

- 2 -

and including the earlier of (i) the date of return of the Aircraft and (ii) thirty (30) days after the date of this letter.

At the time of return of the Aircraft to you, you will be asked to execute a Return Acknowledgement substantially in the form of Schedule "A" hereto.

The consequences of this termination will be dealt with in the Plan (as such term is defined in the Amended and Restated Order).

If you have any questions, please contact Jon Turner, General Manager, Aircraft Programs at (514) 422-6662.

Yours very truly,



M. Robert Peterson
Executive Vice-President and Chief Financial
Officer

cc: Anna Maria Masciotra, Senior Legal Counsel, Air Canada
Jon Turner, General Manager, Aircraft Programs, Air Canada
Martin Daigneault, Ernst & Young Inc., Court-appointed Monitor
Ashley John Taylor, Stikeman Elliott LLP
Michael B. Cox, Seabury Group
Patrick J. Brennan, Bennett Jones LLP
David Patterson, V.P. Finance, Procor Limited