A FILED SWORN COPY OF THE ENCLOSED AFFIDAVIT WILL BE MADE AVAILABLE ON THE WEBSITE OF KURTZMAN CARSON CONSULTANTS AT HTTP://WWW.KCCLLC.NET/CHC



This is the 1st affidavit of
Robert A. Del Genio in this case
and was made on October____,
2016

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,*
R.S.C. 1985, c. C36, AS AMENDED

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE
UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS
WITH RESPECT TO THE COMPANIES LISTED ON SCHEDULE "A" HERETO

APPLICATION OF CHC GROUP LTD
UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C 36, AS AMENDED

AFFIDAVIT

I, Robert A. Del Genio, restructuring advisor, of 20 - 650 Fifth Avenue, New York, New York, SWEAR THAT:

1. I am the Chief Restructuring Officer ("**CRO**") of the petitioner, CHC Group Ltd. ("**CHC Group**" or the "**Petitioner**"), and each of the debtors listed on **Schedule "A"** to my Affidavit (collectively, the "**Debtors**" and, together with their non-Debtor affiliates, "**CHC**" or the "**Company**"), and as such I have personal knowledge of the matters deposed to in this Affidavit except where I depose to a matter based on information from an informant I identify, in which case, I believe that both the information from the informant and the resulting statement are true.

2. This Affidavit is sworn in support of an order recognizing the Debtors' Chapter 11 Proceedings (as defined below) as a "foreign main proceeding" pursuant to Part IV of the *Companies' Creditors Arrangement Act*, 1985, C-36, as amended (the "**CCAA**"), and granting supplemental relief pursuant to the CCAA, as described in more detail below.

I. BACKGROUND

3. I am a Managing Member and founder of CDG Group, LLC ("**CDG**"), a financial advisory firm that provides restructuring, crisis, and turnaround management services.

4. CDG has been providing the CHC Group with restructuring advice leading up to and following the May 5, 2016 filing by the 43 Debtors of voluntary petitions (the "**US Petitions**") with the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "**US Bankruptcy Court**") for relief pursuant to chapter 11 of title 11 of the United States Code (the "**Chapter 11 Proceedings**"). Copies of the US Petitions with respect to the Canadian Debtors (as defined below) certified by the US Bankruptcy Court are attached as **Exhibit "A"** to Affidavit #1 of Sandra Brown-John, sworn September 28, 2016.

5. Five of the 43 Debtors that filed US Petitions (CHC Global Operations Canada (2008) ULC, CHC Global Operations International ULC, CHC Global Operations (2008) ULC, Heli-One Leasing ULC, and Heli-One Canada ULC) (together, the "**Canadian Debtors**") are unlimited liability companies continued under the *Business Corporations Act* (British Columbia). Copies of British Columbia Registry Services' company summaries for the Canadian Debtors are attached as **Exhibit "B"** to Affidavit #1 of Sandra Brown-John.

6. As CRO, I report and provide strategic advice to CHC's Board of Directors, Chief Executive Officer, and other members of management in connection with the Debtors' Chapter 11 Proceedings and am responsible for carrying out the Debtors' restructuring strategy and objectives as described in my Declaration dated May 5, 2016 ("**First Day Declaration**") submitted to the US Bankruptcy Court in support of the US Petitions. A copy of my First Day Declaration, which provides a comprehensive overview of the background and business of the Debtors and the events leading up to the commencement of the Chapter 11 Proceedings, is attached as **Exhibit** "**A**" to this Affidavit.

7. Since filing their US Petitions on May 5, 2016, the Debtors have continued to operate their businesses in the ordinary course. With respect to restructuring efforts, the Debtors have focused on reconfiguring their helicopter fleet to improve operational efficiency and negotiating with key creditors to improve the Debtors' financial health. Over the duration of the Chapter 11 Proceedings, the Debtors have filed six (6) motions to reject or abandon certain of their unused aircraft. Through these motions and ancillary discussions, the Debtors have

decreased their fleet size from approximately 230 helicopters to approximately 170 helicopters, and remain engaged with key creditors to rationalize their fleet further. The Debtors have also negotiated term sheets with six (6) lessors for helicopter leases at favorable rates, and are in the process of finalizing a term sheet with one of their primary lessors on improved terms.

8. Additionally, the Debtors and their advisors commenced a bidding process for a potential new money investment, which, among other things, will provide the Debtors with sufficient liquidity upon emergence from chapter 11. The process successfully produced competitive proposals from two separate investor groups. Through several rounds of discussions, the Debtors significantly advanced the terms of each proposal, and are close to finalizing a deal for a new money investment.

9. The Debtors are in the process of negotiating with certain key creditors a plan support agreement that will provide the framework for a chapter 11 plan of reorganization, and would like to get that agreement and the plan on file in the next several weeks. From there, the plan process will proceed quickly through the end of this year.

10. On August 22, 2016, the Debtors filed a motion in the US Bankruptcy Court requesting authority for CHC Group to act as a representative on behalf of the Debtors' estates in any non-U.S. proceedings, including a proceeding before the British Columbia Supreme Court pursuant to the CCAA. The Debtors filed the motion on negative notice such that, absent any objections within twenty-four days, the US Bankruptcy Court would have the authority to grant the requested relief without a hearing. On September 16, 2016, the Debtors filed a Certificate of No Objection with the US Bankruptcy Court indicating that no objections had been filed against the motion. Consequently, on September 20, 2016, the US Bankruptcy Court entered an order (the "**Foreign Representation Order**") authorizing CHC Group to represent the Debtors' estates in this proceeding. A certified copy of the Foreign Representation Order is attached as **Exhibit "C"** to Affidavit #1 of Sandra Brown-John.

11. Further background and details of the current status of the Chapter 11 Proceedings are disclosed in the materials filed by the Debtors in the US Bankruptcy Court, which may be obtained at the website of Kurtzman Carson Consultants LLC, the Claims and Noticing Agent appointed in the Chapter 11 Proceedings, at http://www.kccllc.net/chc.

12. Other than the Chapter 11 Proceedings and this CCAA proceeding, there are no foreign proceedings currently pending for any of the Debtors.

II. THE CHC GROUP

A. Business Operations

i. Overview

13. CHC can trace its roots back almost 70 years to crop services in the Okanagan region of British Columbia. From those early days, CHC has become one of the largest global commercial helicopter service companies in the world, primarily servicing the offshore oil and gas industry. CHC's principal business is to provide helicopter services for large, long-distance crew changes on offshore production facilities and drilling rigs for major national and independent oil and natural gas companies. As a result of this nexus, the Debtors' performance is closely tied to the state of the oil and gas industry.

14. CHC currently manages its operations from its global head office in Irving, Texas, where its senior management is headquartered, and maintains its key sales office in Houston, Texas. The Company operates a truly global business with assets and operations located in numerous countries around the world.

15. CHC conducts business in numerous countries with different legal systems, including, among others, Australia, Brazil, Canada, East Timor, Equatorial Guinea, Ireland, Malaysia, Netherlands, Norway, Poland, Kazakhstan, the United Kingdom and the United States.

16. In addition, many of the Debtors are incorporated under the laws of additional countries including the Cayman Islands, Luxembourg, Bermuda and Barbados. CHC also holds aircraft operating certificates and licenses from 10 different countries, employs approximately 3,800 employees worldwide, and has customers from jurisdictions around the world.

ii. Operating Segments

17. Operating through a number of direct and indirect subsidiaries, CHC currently has bases or other operations on six continents and major operations in the North Sea, Brazil, Australia, and several locations across Africa, Eastern Europe, and South East Asia.

18. CHC's business consists of two main operating segments: (i) helicopter flight operations ("**Helicopter Services**"); and (ii) helicopter maintenance, repair, and overhaul operations ("**MRO Services**") carried out by its Heli-One division ("**Heli-One**"), including Heli-One Canada, which services CHC's helicopter fleet as well as third-party customers.

19. The Company's current operations in Canada are based in Delta, British Columbia and are focused exclusively on the provision of MRO Services.

iii. Helicopter Services

20. CHC's Helicopter Services segment consists of flying operations in the Eastern North Sea, the Western North Sea, the Asia Pacific region and the Africa- Euro Asia region, primarily serving offshore oil and gas customers. CHC does not currently engage in flying operations in Canada.

21. CHC's Helicopter Services facilitate large, long-distance crew changes on offshore production facilities and drilling rigs. CHC's Helicopter Services also provides helicopter services for search and rescue ("**SAR**") and emergency medical services ("**EMS**") to various government agencies, typically under long-term service contracts. In some instances, Helicopter Services also provides SAR and EMS services to its oil and gas customers.

22. The majority of CHC's customers are major, national, and independent oil and gas companies, including Statoil, Total, Apache, Petrobras, and Royal Dutch Shell. The majority of CHC's customer contracts provide for revenues based on fixed-monthly charges and hourly flight rates. CHC's contracts with offshore oil and gas customers are typically for periods of four to five years, and normally carry extension options of one to five years; however, most of the customer contracts contain termination for convenience provisions. CHC also has long-term contracts with government agencies and commercial operators in the United Kingdom and in Ireland, as well as contracts with commercial operators, the military, and local governments in Australia to provide SAR and EMS helicopter services.

23. CHC's Helicopter Services generated approximately 90% of its revenue for the three years ended April 30, 2015 from oil and gas customers and, of this amount, the majority was tied to CHC's customers' offshore production operations, which can have long-term

transportation requirements. SAR and EMS revenue to non-oil and gas customers contributed approximately 10% of Helicopter Services revenue for the three years ended April 30, 2015.

iv. Heli-One (MRO Services)

24. CHC is the largest commercial operator of helicopter flights in the world that also provides MRO Services. CHC's MRO Services capacities enable CHC to perform heavy structural repairs, and maintain, overhaul, and test helicopters and helicopter components globally across various helicopter types. Heli-One's largest customer is CHC's Helicopter Services segment. Heli-One derives the majority of its third-party revenue from "parts by the hour" ("**PBH**") contracts, where the customer pays a ratable monthly charge, typically based on the number of hours flown, for all scheduled and unscheduled maintenance.

25. CHC maintains MRO Service facilities in Fort Collins, Colorado, Delta, British Columbia, Rzeszow, Poland, and Stavanger, Norway.

26. CHC's MRO Service facility in Delta, British Columbia, operated by Heli-One Canada ULC, is located at the Boundary Bay airport, a 30 minute drive from Vancouver (the "**Heli-One Canada MRO Facility**"). The Boundary Bay location is also home to a 200,000 square foot maintenance facility conducting repair and overhaul of engines and components as well as base maintenance activities.

27. This Heli-One Canada MRO Facility employs approximately 250 employees working in the main office, technical records and library, and repair facility.

28. As discussed below, the Heli-One Canada MRO Facility is fully integrated into CHC's global business operations and has many of its corporate functions, including its senior decision-making functions, run from the Company's global head office in Texas, where Heli-One Canada ULC's President is based out of Texas.

B. Corporate Structure

i. Overview

29. The various legal entities in CHC's organizational structure primarily consist of

(i) operating affiliates in various jurisdictions that support Helicopter Services (the "**HS Operating Entities**"),

(ii) fleet entities that either own or lease aircraft from third-party lessors (the "**FleetCos**"),

(iii) Heli-One entities that support the MRO Service business (the "**Heli-One Entities**"), and

(iv) entities that provide general corporate support and administration functions to the CHC enterprise (the "**G&A Entities**"), including the provision of pilots and engineers from CHC's global touring crew (the "**Global Touring Crew**") to the HS Operating Entities.

30. A copy of an organizational chart of the Debtors is attached as **Exhibit** "**B**" to my First Day Declaration. This organizational chart depicts the organizational structure of the entities that filed for protection in the Chapter 11 Proceedings but does not show all of the CHC entities, or affiliated entities.

ii. HS Operating Entities

31. The HS Operating Entities typically hold the Helicopter Services customer contracts and collect the associated revenue. In some cases, the customer contracts are held by other non-operating CHC legal entities who subcontract internally with the HS Operating Entities. The HS Operating Entities hold various aircraft operating certificates, operating licenses, and regulatory authorizations (collectively, the "**AOCs**") that are required to carry out helicopter flight operations in the various operating jurisdictions. These AOCs are issued to the HS Operating Entities by government regulated aviation bodies, and each entity holding an AOC is typically required to satisfy, among other requirements, certain financial, insurance, and ownership criteria.

32. The HS Operating Entities typically employ local pilots and maintenance engineers, together with administrative and other support staff. In certain jurisdictions where local experienced pilots and engineers are not available, the HS Operating Entities enter into intercompany secondment agreements for the provision of pilots and engineers from CHC's Global Touring Crew. The HS Operating Entities often perform light maintenance on their

helicopters at the local base location; however, the majority of all major aircraft maintenance and the overhaul of major components is performed by Heli-One pursuant to internal PBH service contracts with the Heli-One Entities. Pursuant to these intercompany agreements, Heli-One charges fees for PBH support as well as for time and materials based maintenance and other aircraft modification services.

33. Two of the five Canadian Debtors subject to the Chapter 11 Proceedings are HS Operating Entities:

Canadian Debtor	Role in Corporate Operations
CHC Global Operations Canada (2008) ULC	As of the summer of 2016, this entity no longer holds an AOC. It does maintain an Approved Maintenance Organization (AMO) designation as a condition of the AMO held by CHC Global Operations International ULC (which requires the holder to hold a foreign AMO).
CHC Global Operations International ULC	Holds an AOC and AMO (supported by the AMO held by CHC Global Operations Canada (2008) ULC) from the Cayman Islands. Contracts to Equitorial Guinea.

34. CHC Global Operations Canada (2008) ULC and CHC Global Operations International ULC do not provide Helicopter Services in Canada, do not employ any staff in Canada, and do not maintain any base locations in Canada.

iii. FleetCos

35. At the onset of the Chapter 11 Proceedings, CHC maintained a fleet of 230 medium (8 to 15 passengers) and heavy (16 to 26 passengers) helicopters (the "**CHC Fleet**"). A significant portion of the CHC Fleet is comprised of new technology helicopters which have greater range, higher passenger capacity, enhanced safety systems, and the ability to operate in variable conditions. Of the total 230 helicopters in the CHC Fleet, CHC owns 67 helicopters

and leases the remainder from various third-party lessors. In most cases, the FleetCos sublease the aircraft to HS Operating Entities. These leasing structures provide maximum regulatory and business flexibility. As part of the ongoing restructuring efforts, CHC has rejected 66 aircraft leases since the commencement of the Chapter 11 Proceedings.

36. As of the commencement of the Chapter 11 Proceedings, Heli-One Leasing ULC held approximately 21 of about 150+ leases held by the Company for legacy reasons having to do with a prior internal restructuring. The Company's main leasing entity is currently operated out of Ireland.

iv. Heli-One Entities

37. The Heli-One Entities are responsible for the majority of the MRO Service activities within the CHC business, including the internal PBH service arrangements with the HS Operating Entities as well as the third-party PBH contracts. These entities also manage the supply chain and logistics for moving spare parts and components between the various Heli-One facilities and CHC bases. The Heli-One Entities employ a larger number of shop employees in the Netherlands, Norway, Canada, Poland, and Colorado.

38. As noted above, the Heli-One Canada MRO Facility, operated by Heli-One Canada ULC, employs approximately 250 employees working in the main office, technical records and library, and repair facility.

39. Heli-One Canada's operations are fully integrated with the Company and supported by the Company's G&A Entities.

v. G&A Entities

40. CHC has centralized its general corporate and administrative functions in the G&A Entities, which typically provide services across the entire CHC enterprise. These services include, among others, executive, legal, finance, accounting, information technology, crew provision and scheduling, and certain sales functions. In most instances, the services provided by the G&A Entities are allocated to the various operating entities pursuant to intercompany service arrangements and booked as intercompany payables.

41. Heli-One Canada ULC, with support from its United States based affiliates, provides certain non-decision making corporate and administrative functions to the CHC enterprise. CHC Global Operations (2008) ULC, one of the five Canadian Debtors, also functions as one of the Company's G&A Entities. This is the entity that employs the approximately 250 members of the Company's Global Touring Crew who are seconded to the Company's HS Operating Entities on an as needed basis. Members of the Global Touring Crew reside in various jurisdictions.

42. Corporate functions performed for or behalf of the Company, including the Canadian Debtors, by G&A Entities based in the Company's corporate head office in Texas include the following:

(a) Senior management of the Company (including its Chief Executive Officer, Chief Financial Officer, and General Counsel) is located at the Company's offices in Texas;

(b) All strategic and corporate decisions for the Company are made at the Company's offices in Texas;

(c) Heli-One Canada ULC's employees report to managers based at the Company's Texas offices;

(d) Human resources functions for the Canadian Debtors are provided out of the Company's offices in Texas; and

(e) The Company's decision-making functions, including communications, sales, strategic and new business development, and certain finance decisions, are centralized at the Company's Texas offices.

40. The Canadian Debtors would not be able to conduct their business operations without these group functions provided by the United States-based G&A Entities.

C. Funding of CHC's Operations

i. Revenue Concentration and Centralized Cash Management

43. CHC's revenue is primarily generated through its operating subsidiaries on account of: (i) helicopter flight operations carried out by CHC's HS Operating Entities; (ii) MRO Services carried out by the Heli-One division; (iii) the provision of helicopter leases with varying levels of associated service and staffing to third-party customers; and (iv) ownership interests in joint venture arrangements.

44. The process by which revenue generated by the Company is collected, concentrated, and disbursed is described in detail in my First Day Declaration (attached as **Exhibit "A"**) and in the Debtors' Cash Management Motion filed in the Chapter 11 Proceedings, a copy of which is attached as **Exhibit "P"** to Affidavit #1 of Sandra Brown-John). In short, the Company uses a centralized cash management system to collect and transfer the funds generated by both the Debtors and their non-Debtor affiliates and disburses those funds to satisfy the obligations incurred in the course of operating CHC's businesses. For day-to-day operations reasons, the Company maintains 230 bank accounts. CHC's global reach requires it to hold separate operating accounts denominated in U.S. Dollars, Canadian Dollars, British Pounds Sterling, Norwegian Krone, Australian Dollars, and Euros.

45. Both the Debtors and their non-Debtor affiliates utilize CHC's centralized cash management system, under which CHC Cayman Investments I, Ltd. ("**Cayman Investments I**") serves as the "central banker" entity. I understand that the majority of cash received by the Company's revenue generating entities is ultimately collected in one of six main operating accounts held by Cayman Investments I at Bank of America, National Association.

ii. Debt

46. As of the date hereof, the Debtors had outstanding funded debt obligations in the aggregate amount of approximately US$1.6 billion, which amount consists of (i) approximately US$370 million in secured borrowings under the Debtors' Revolving Facility (as defined in my First Day Declaration), (ii) approximately US$139 million in secured borrowing under the Debtors' ABL Facility (as defined in my First Day Declaration), (iii) approximately US$1.0 billion in principal amount of Senior Secured Notes (as defined in my First Day Declaration), and (iv)

approximately US$95 million in principal amount of Unsecured Notes (as defined in my First Day Declaration). The Debtors also have approximately $644 million in Preferred Stock (as defined in my First Day Declaration) outstanding as of May, 2016.

47. The Canadian Debtors are guarantors of the Debtors' Revolving Facility, the Senior Secured Notes and the Unsecured Notes.

iii. Financial Difficulties / Need to Restructure

48. Starting in the summer of 2014, oil prices began to decline precipitously. Over the next six months or so of 2014, the price of oil was cut in half. At the time of the filing of the US Petitions, the price for a barrel of Brent Crude was approximately $45, down approximately 64% from a high of $125 per barrel in 2012. This rapid and unexpected decline in oil prices has led to a significant decline in offshore oil exploration, cost reduction measures for production operations, and a substantially decreased demand for offshore drilling services.

49. As CHC's oil and gas customers have implemented severe reductions in capital spending and cost cutting measures, the demand for CHC's helicopter services has dramatically declined. The significant and sustained drop in oil prices and related contraction of demand for offshore helicopter services, coupled with CHC's customers demanding price concessions and new flexible contract terms, has caused uncertainty regarding the Debtors' ability to maintain their leveraged capital structure and large helicopter fleet in the long term.

50. A comprehensive balance sheet and fleet restructuring is necessary. The breadth of the targeted restructuring, the number of creditors at issue, the global reach of the Debtors' assets and operations, the importance of accessing the relief and provisions of the U.S. Bankruptcy Code and the authority of the U.S. Bankruptcy Court, with the assistance of the Canadian Court, to supervise and implement the debtor's reorganization, cannot be over-emphasized.

D. CANADIAN DEBTORS' CREDITORS

51. The only Canadian-based secured parties with registrations in British Columbia against the Canadian Debtors are Canon Canada Inc. and Canon Business Solutions, for approximately 49 copiers financed by Heli-One Canada ULC, and Cisco Systems Capital Canada Co. All of the other parties who have registered security interests against the Canadian

Debtors in British Columbia are located outside of Canada. British Columbia Personal Property Registry Search Results for each of the Canadian Debtors are attached as **Exhibit "Q"** to Affidavit #1 of Sandra Brown-John.

52. The Canadian Debtors' 30 largest unsecured creditors are listed (on a consolidated basis) in the US Petitions filed by each of the Canadian Debtors in the Chapter 11 Proceedings. Only 4 of the 30 unsecured creditors are identified in the US Petitions as being based in Canada (two in British Columbia and one in each of Ontario and Newfoundland & Labrador). The total value of the estimated claims of these four unsecured creditors is approximately US$29,309,650, representing less than 15% of the total value of the Canadian Debtors' 30 largest unsecured claims listed in the US Petitions.

53. With respect to the Chapter 11 Proceedings, the Debtors filed a motion to establish certain procedures by which creditors could submit claims and potentially participate in a recovery. By order dated July 8, 2016, the US Bankruptcy Court approved the procedures and established August 26, 2016 as the general bar date for filing proofs of claim. Following entry of the order, the Debtors served actual notice of the bar date to all known creditors and also published notice of the bar date in the *Wall Street Journal* (Global Edition—North America, Europe, and Asia). Creditors were required to file a proof of claim that described, among other things, the amount and the basis of the claim. As of September 28, 2016, the Debtors have received over 300 proofs of claim against the Canadian Debtors for an aggregate asserted amount of approximately US$136 million.

E. ONGOING RESTRUCTURING EFFORTS

54. In furtherance of their restructuring efforts, the Debtors continue to negotiate with several of their helicopter lessors to optimize their fleet size and to obtain favorable lease terms that are more consistent with the current market. As discussed above, the Debtors have already reached agreements in principle with a number of their existing lessors.

55. The Debtors and their advisors have also focused efforts on obtaining a new money investment, which will provide additional liquidity to the Debtors upon emergence from the Chapter 11 Proceedings. Through a competitive bidding process for the new money investment, the Debtors have attracted interest from two separate investor groups, both of

whom have offered attractive proposals. The Debtors are in the process of concluding these negotiations with the goal of executing an agreement with one of the groups in the near term.

56. One additional focus of the Company's current restructuring efforts is the status of the lease for the Heli-One Canada MRO Facility (the "**Boundary Bay Lease**"). The Company believes that the current base rent payable under the Boundary Bay Lease is substantially above market for similar premises and provides for more space than is currently needed by the Company. The Company has attempted to renegotiate the terms of the lease with its landlord, 0921528 B.C. Ltd., but the landlord has been unwilling to engage in a discussion with the Company at this time. Absent a negotiated restructuring of the Boundary Bay Lease terms, the Company anticipates that the Boundary Bay Lease will have to be dealt with in some fashion, likely through a rejection motion before the US Bankruptcy Court or a rejection pursuant to the chapter 11 plan. If the Boundary Bay Lease is not renegotiated in the very near term, the Company expects that it will commence taking steps to vacate the MRO Facility over the course of the next several weeks in order to allow for an orderly transition to new premises.

F. RELIEF SOUGHT

A. Recognition of Chapter 11 Cases as a Foreign Main Proceeding

57. The initial recognition order sought by the Petitioner would, among other things,

(a) recognize CHC Group as the foreign representative of the Debtors in respect of the Chapter 11 Proceedings;

(b) recognize the Chapter 11 Proceedings as a "foreign main proceeding"; and

(c) stay all proceedings against the Canadian Debtors in accordance with the CCAA.

58. The relief granted by the initial recognition order is necessary to maintain the status quo of CHC's assets and business operations as the Company pursues its restructuring options in the Chapter 11 Proceedings.

B. Supplemental Relief

i. US Bankruptcy Court Orders

59. To seek to minimize the adverse effects of the Chapter 11 Proceedings on their business, and to preserve and maximize potential value of their assets for the benefit of creditors and other stakeholders, the Debtors obtained various types of relief through "first day" orders grated by the US Bankruptcy Court (the "**First Day Orders**"). A detailed description for the basis for each of the First Day Orders (in certain circumstances granted initially on an interim basis and thereafter on a final basis) is set out in my First Day Declaration attached as **Exhibit "A"**.

60. The Petitioner requests that the First Day Orders, the Foreign Representative Order, and certain other orders entered by the US Bankruptcy Court (as listed below) be recognized by this Honorable Court as part of the recognition of the Debtors' Chapter 11 Proceedings:

(a) **Final Employee Obligation Order** – in which the US Bankruptcy Court (i) authorized, but did not direct, the Debtors to continue to pay their current employees and independent contractors for work performed prior to the US Petitions being filed, to honor certain other prepetition employee-related obligations and benefits, and to continue paying their employees and independent contractor obligations in the ordinary course of the Debtors' business; (ii) modified the automatic stay with respect to employees' claims and payments due under the various workers' compensation programs; and (iii) authorized applicable banks to receive, process, honor, and pay any and all checks and electronic fund transfers related to any of the employee and independent contractor obligations. A copy of the Final Employee Obligation Order is attached as **Exhibit "D"** to Affidavit #1 of Sandra Brown-John**.**

(b) **Section 362 Protection Order** – in which the US Bankruptcy Court granted an Order enforcing the protections of sections 362, 365, 525, and 541(c) of the Bankruptcy Code to aid in the administration of the Debtors' Chapter 11 Proceedings and to help ensure that the Debtors' global business operations are

not disrupted. A copy of the Section 362 Protection Order is attached as **Exhibit "E"** to Affidavit #1 of Sandra Brown-John**.**

(c) **Final Tax Order** – in which the US Bankruptcy Court authorized, but did not direct, the Debtors to satisfy all Taxes (as defined in my First Day Declaration) due and owing to various local, state and foreign taxing authorities and governmental regulatory bodies that arose prior to the Petition Date (as defined in my First Day Declaration), including all Taxes subsequently determined by audit or otherwise owed for periods prior to the Petition Date. A copy of the Final Tax Order is attached as **Exhibit "F"** to Affidavit #1 of Sandra Brown-John.

(d) **Final Customer Deposit Order** – in which the US Bankruptcy Court authorized the Debtors to, in the ordinary course of business and consistent with past practice, maintain, apply, pay, and honor pre-US Petition customer deposits. A copy of the Final Customer Deposit Order is attached as **Exhibit "G"** to Affidavit #1 of Sandra Brown-John**.**

(e) **Sixth Interim Cash Management Order** – in which the US Bankruptcy Court authorized the Debtors to continue to utilize their Cash Management System (as defined in my First Day Declaration) and permitted ongoing intercompany advances that are crucial to the operations of the Debtors. A copy of the Sixth interim Cash Management Order is attached as **Exhibit "H"** to Affidavit #1 of Sandra Brown-John.

(f) **Kurtzman Carson Consultants LLC Order** – in which the US Bankruptcy Court authorized the Debtors to retain and appoint Kurtzman Carson Consultants LLC as claims, noticing, and balloting agent *nunc pro tunc* to the Petition Date . A copy of the Kuntzman Carson Consultants LLC Order is attached as **Exhibit "I"** to Affidavit #1 of Sandra Brown-John.

(g) **Sixth Interim Cash Collateral Order** – in which the US Bankruptcy Court (i) authorized the Debtors to use cash collateral and (ii) granted protections to certain Prepetition Secured Parties (as defined in the Interim Cash Collateral Order) on the terms and conditions set forth in the Interim Cash Collateral Order.

A copy of the Sixth Interim Cash Collateral Order is attached as **Exhibit "J"** to Affidavit #1 of Sandra Brown-John.

(h) **Final Insurance Order** – in which the US Bankruptcy Court (i) authorized, but did not direct, the Debtors to (a) continue and/or renew their existing aviation, corporate, property, and other insurance policies and programs, including their Sharing Arrangements and Ancillary Coverage (as defined in my First Day Declaration) uninterrupted, and (b) pay, in the Debtors' sole discretion, any undisputed prepetition obligations, including premiums, deductibles, administrative fees, brokers' fees, and other obligations, as well as, on an ongoing basis, any post-petition obligations, thereunder; and (ii) authorized and directed applicable banks and financial institutions to honor and process all checks and electronic funds transfers related thereto. A copy of the Final Insurance Order is attached as **Exhibit "K"** to Affidavit #1 of Sandra Brown-John.

(i) **Severance Payments Order** – in which the US Bankruptcy Court authorized, but did not direct, the Debtors to make certain severance payments to individuals whose employment with the Debtors may be terminated. A copy of the Severance Payments Order is attached as **Exhibit "L"** to Affidavit #1 of Sandra Brown-John.

(j) **Repair Payments Order** – in which the US Bankruptcy Court (i) authorized, but did not direct, the Debtors to pay certain prepetition amounts for repair shops, shippers, warehousemen, and other lien claimants and, (ii) confirmed administrative status for certain parts delivered to the debtors postpetition A copy of the Repair Payments Order is attached as **Exhibit "M"** to Affidavit #1 of Sandra Brown-John

(k) **Claims Bar Date Order** - in which the US Bankruptcy Court (i) established August 26, 2016 as the deadline for each person or entity to file proofs of claim based on prepetition claims, (ii) established Governmental, Supplemental and Rejection Bar Dates as defined in the Claims Bar Date Order, (iii) approved the proposed notices of the Bar Dates, and (iv) approved the proposed notice

procedures for the Bar Dates. A copy of the Claims Bar Date Order is attached as **Exhibit "N"** to Affidavit #1 of Sandra Brown-John.

(l) **Supplemental Bar Date Order** – in which the US Bankruptcy Court (i) established October 27, 2016 at 4:00 PM (Pacific Time) as the Supplemental Bar Date for certain unnoticed claimants. A copy of the Supplemental Bar Date Order is attached as **Exhibit "O"** to Affidavit #1 of Sandra Brown John.

ii. Other Relief

61. In addition to the recognition of the orders listed above, CHC Group is requesting the additional relief set out in the Supplemental Recognition Order (Foreign Main Proceeding) attached as Schedule "C" to the Petition filed concurrently with this Affidavit.

62. As the Debtors' CRO, I recognize that this Court, as well as the creditors of the Debtors affected by the relief being sought by the Debtors, will require access to information regarding the conduct of the Chapter 11 Proceedings and the Debtors' ongoing restructuring efforts. I agree to make such information available to this Court and to the Debtors' creditors in the manner specified in the Supplemental Recognition Order (Foreign Main Proceeding) sought by the Debtors.

SWORN BEFORE ME at the City of _____, in the State of _____, United States of America on October, 2016)

Robert A. Del Genio

Notary Public, State of _____, United States of America

SCHEDULE "A"

LIST OF COMPANIES

CHC Group Ltd.

6922767 Holding SARL

Capital Aviation Services B.V.

CHC Cayman ABL Borrower Ltd.

CHC Cayman ABL Holdings Ltd.

CHC Cayman Investments I Ltd.

CHC Den Helder B.V.

CHC Global Operations (2008) ULC

CHC Global Operations Canada (2008) ULC

CHC Global Operations International ULC

CHC Helicopter (1) S.á.r.l.

CHC Helicopter (2) S.á.r.l.

CHC Helicopter (3) S.á.r.l.

CHC Helicopter (4) S.á.r.l.

CHC Helicopter (5) S.á.r.l.

CHC Helicopter Australia Pty Ltd

CHC Helicopter Holding S.á.r.l.

CHC Helicopter S.A.

CHC Helicopters (Barbados) Limited

CHC Helicopters (Barbados) SRL

CHC Holding (UK) Limited

CHC Holding NL B.V.

CHC Hoofddorp B.V.

CHC Leasing (Ireland) Limited

CHC Netherlands B.V.

CHC Norway Acquisition Co AS

Heli-One (Netherlands) B.V.

Heli-One (Norway) AS

Heli-One (U.S.) Inc.

Heli-One (UK) Limited

Heli-One Canada ULC

Heli-One Holdings (UK) Limited

Heli-One Leasing (Norway) AS

Heli-One Leasing ULC

Heli-One USA Inc.

Heliworld Leasing Limited

Integra Leasing AS

Lloyd Bass Strait Helicopters Pty. Ltd.

Lloyd Helicopter Services Limited

Lloyd Helicopter Services Pty. Ltd.

Lloyd Helicopters International Pty. Ltd.

Lloyd Helicopters Pty. Ltd.

Management Aviation Limited