

This is the 1st affidavit of
Robert A. Del Genio in this case
and was made on September 29,
2016

No. S-169079
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 "L"** 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 New York, in the State of New York, United States of America on September 29, 2016

Jenell Alexander-Moctezuma

Notary Public, State of New York, United States of America

Robert A. Del Genio

Robert A. Del Genio

JENELL ALEXANDER-MOCTEZUMA
NOTARY PUBLIC-STATE OF NEW YORK
No. 01AL6258074
Qualified in Kings County
My Commission Expires 3/19/2020

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

This is **Exhibit "A"** referred to in the Affidavit of Robert A. Del Genio sworn before me at New York, New York this 29 day of September, 2016

Notary Public, State of New York, United States of America

JENELL ALEXANDER-MOCTEZUMA
NOTARY PUBLIC-STATE OF NEW YORK
No. 01AL6258074
Qualified in Kings County
My Commission Expires 3/19/202

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In re:	:	Chapter 11
CHC GROUP LTD. *et al.*,	:	Case No. 16-_____ ( )
Debtors.	:	(Joint Administration Requested)

DECLARATION OF ROBERT A. DEL GENIO IN SUPPORT OF THE DEBTORS' CHAPTER 11 PETITIONS AND FIRST DAY RELIEF

I, Robert A. Del Genio, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the Chief Restructuring Officer ("**CRO**") of CHC Group Ltd. ("**CHC Group**") and each of the other debtors (collectively, the "**Debtors**" and, together with their non-debtor affiliates, "**CHC**" or the "**Company**") in the above-captioned chapter 11 cases (the "**Chapter 11 Cases**").[1] I am a Managing Member and founder of CDG Group, LLC, a financial advisory firm that provides restructuring, crisis, and turnaround management services. I have been working closely with the Company for the past several months and was recently appointed as the CRO. As CRO, I report and provide strategic business advice to CHC Group's Board of Directors, Chief Executive Officer, and other members of management in connection with the Debtors' Chapter 11 Cases, and am responsible for carrying out the Debtors' restructuring strategy and objectives described herein.

[1] A list of the Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, where applicable, is attached hereto as **Exhibit A**.

2. Concurrently with the filing of this declaration (the "**Declaration**") on the date hereof (the "**Petition Date**"), the Debtors have filed voluntary petitions in this Court for relief under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"). To enable the Debtors to operate effectively and minimize the potential adverse effects of the commencement of these reorganization cases, the Debtors have requested certain relief in "first day" applications and motions filed with the Court (collectively, the "**First Day Pleadings**"). The First Day Pleadings, described in detail below, seek, among other things, relief intended to preserve the value of the Debtors and maintain continuity of operations by, among other things, (i) preserving the Debtors' relationships with their customers and employees, many of whom are located in jurisdictions outside the United States, (ii) maintaining the Debtors' cash management system and other business operations without interruption, (iii) confirming the reach of the automatic stay to protect the Debtors' assets, and (iv) establishing certain administrative procedures to facilitate an orderly transition into, and uninterrupted operations throughout, these Chapter 11 Cases. This relief is critical to the Debtors' restructuring efforts.

3. This Declaration is submitted to assist the Court and other parties in interest in understanding the circumstances that compelled the commencement of these Chapter 11 Cases and in support of (i) the petitions for relief under the Bankruptcy Code filed on the Petition Date and (ii) the First Day Pleadings. Any capitalized term not defined herein shall have the meaning ascribed to that term in the relevant First Day Pleading. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision or my opinion based upon experience, knowledge and information concerning the operations of CHC, the oil and gas industry, and the commercial helicopter service industry. If

called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

4. This Declaration is intended to provide a summary overview of CHC and the Debtors' Chapter 11 Cases, and is organized as follows: **Part I** describes the Debtors' businesses; **Part II** describes the Debtors' prepetition capital structure; **Part III** describes the key events that led to the commencement of these Chapter 11 Cases, the Debtors' prepetition restructuring negotiations with key creditors within the capital structure and the goals that the Debtors seek to accomplish through the commencement of these Chapter 11 Cases; and **Part IV** provides the evidentiary support for the First Day Pleadings filed concurrently herewith.

5. Unless otherwise indicated, the financial information contained herein is provided on a consolidated basis, which includes certain of the Debtors' non-debtor affiliates (collectively, the "**Non-Debtor Affiliates**").

Preliminary Statement

6. CHC is a global commercial helicopter services company 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.

7. 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. On May 2, the price for a barrel of Brent Crude was $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. 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. A comprehensive balance sheet and fleet restructuring is necessary.

8. The Debtors have determined that, in the wake of the decline in oil prices and resulting declines in customer revenue, their enterprise can no longer bear the weight of its current capital structure and fleet expenses. Indeed, the Company needs to substantially reduce its debt obligations and shed at least 90 unproductive aircraft. To accomplish this, the Company began to explore options that would allow the company to deleverage its capital structure and reduce its fleet costs, paving the way toward future growth and long-term success, even in a down market. To that end, CHC launched significant out-of-court restructuring initiatives, as described in more detail below, including efforts to obtain concessions from its lessors. While these cost-cutting measures enabled the Company to mitigate some of its operating losses in Q3 2016 compared to the prior year quarter, the Company determined that it would be appropriate to consider a broader range of strategic alternatives and hired legal and financial advisors to assist with this analysis.

9. With guidance from their advisors, over the past several months, the Debtors launched negotiations with various members of the Debtors' capital structure and certain, key third-party aircraft lessors. Although the Debtors believe that these negotiations and discussions have been fruitful, and they remain ongoing, the Debtors have determined that relief under chapter 11 is the best path forward to preserve liquidity and provide a forum to streamline and expedite the restructuring process in these uncertain times. As part of the Debtors' goal to

preserve liquidity, the Debtors expect to return, and reject, the leases and subleases related to over 90 unproductive leased aircraft during the first 60 days of these Chapter 11 Cases.

10. 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 Bankruptcy Code and the authority of this Court as the forum for supervising and implementing the Debtors' reorganization, cannot be over-emphasized. Although CHC manages its operations in Irving, Texas and maintains its key sales office in Houston, Texas, CHC operates a truly global business, with assets and operations scattered across six continents around the globe. CHC conducts business in numerous countries with different legal systems, including, among others, Australia, Brazil, Canada, East Timor, Equatorial Guinea, Ireland, Malaysia, Netherlands, Nigeria, Norway, Poland, Kazakhstan, the United Kingdom, and the United States. In addition, many of the Debtors are incorporated under the laws of numerous additional countries, including the Cayman Islands, Luxembourg, Bermuda, and Barbados, and many of the Debtors' key contracts are governed by the laws of foreign jurisdictions. CHC holds aircraft operating certificates and licenses from 10 different countries, employs approximately 3,800 employees worldwide, and has customers from jurisdictions across the globe.

11. Given these and other considerations, the Debtors concluded in the exercise of their business judgment and as fiduciaries for all of the Debtors' stakeholders that the best path to maximize the value of their businesses and preserve thousands of jobs was a strategic U.S. chapter 11 filing. The filing will give the Debtors a much needed breathing spell – one of the fundamental tenets of a traditional chapter 11 filing – as they continue to work with their key stakeholders. Moreover, the self-executing and global nature of sections 362, 365, 525, and 541(c) of the Bankruptcy Code, along with the other protections and tools available to chapter 11 debtors, as they have been explained to me, provide the Debtors with the best – and

only real – option to effectuate a rapid and comprehensive balance sheet restructuring and fleet optimization for this truly global business. It is the Debtors' judgment that there is no alternative forum in which the Debtors could collectively seek relief to preserve value and reorganize their businesses, and absent these Chapter 11 Cases, the Debtors likely would be left with no choice but to liquidate their businesses in a fire sale and piecemeal fashion.

12. Although the Debtors believe that they have sufficient liquidity to fund these Chapter 11 Cases, at this time, the Debtors are constrained to a short-term four week cash forecast as a result of the recent tragic accident in Norway that may have an impact on their future revenues, cost structure, and helicopter fleet.[2] On this basis, on the first day of these cases, the Debtors are only seeking limited use of cash collateral on interim basis and will seek further relief at a later date.

I.

The Debtors' Businesses

13. CHC is one of the largest global commercial helicopter service companies in the world, primarily engaged in providing helicopter services to the offshore oil and gas industry. With its senior management headquartered in Irving, Texas, CHC maintains bases on six continents with major operations in the North Sea, Brazil, Australia, and several locations across Africa, Eastern Europe, and South East Asia. CHC's business consists of two main operating segments: (i) helicopter flight operations ("**Helicopter Services**"); and (ii) helicopter

[2] On April 29, 2016, an Airbus EC 225 helicopter, or EC 225, operated in Norway by one of the Debtors' Non-Debtor Affiliates, CHC Helikopter Services AS, was involved in an accident while on approach to Flesland Airport in Bergen, Norway from the Gullfaks B platform. The EC 225 carried 11 passengers and two crew members. The cause of the accident is not yet known and full investigations are being carried out in conjunction with regulators and police authorities. In collaboration with CHC's stakeholders, customers and regulatory authorities, pending further regulatory guidance, CHC has temporarily put on hold all EC 225 commercial flights around the world (with the exception of search-and-rescue missions).

maintenance, repair, and overhaul operations ("**MRO**") carried out by its Heli-One division ("**Heli-One**"), which services CHC's helicopter fleet as well as third-party customers.

A. Helicopter Services

14. CHC's Helicopter Services segment consists of flying operations in the Eastern North Sea, the Western North Sea, the Americas, the Asia Pacific region and the Africa-Euro Asia region, primarily serving offshore oil and gas customers. These services facilitate large, long-distance crew changes on offshore production facilities and drilling rigs. Helicopter Services also provides helicopter services for search and rescue ("**SAR**") and emergency medical services ("**EMS**") to various government agencies, all of which are typically under long-term service contracts. In some instances, Helicopter Services also provides SAR and EMS services to its oil and gas customers.

15. The majority of CHC's customers are major, national, and independent oil and gas companies, including Statoil, Total, Apache, Petrobras, and Royal Dutch Shell, and 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.

16. 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.

B. Heli-One (MRO)

17. CHC's Heli-One segment includes helicopter MRO facilities in Norway, Poland, Canada, and the United States, which provide services for CHC's helicopter fleet and for CHC's external customer base primarily in Europe, Asia, and North America. CHC's MRO capabilities 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 "power 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 un-scheduled maintenance. CHC is the largest commercial operator of helicopter flights in the world that also provides MRO services.

18. CHC maintains one of its primary MRO facilities in Fort Collins, Colorado, where it provides specialized engine overall capabilities for aircraft used by the United States Customs and Border Protection Service as well as the Texas Department of Transportation, and for specialized firefighting helicopters.

C. Fleet

19. CHC maintains a fleet of 230 medium (8 to 15 passengers) and heavy (16 to 26 passengers) helicopters (the "**CHC Fleet**"). A significant portion of the 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 fleet, CHC owns 67 helicopters and CHC leases the remainder from various third-party lessors.

D. Organizational Structure

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20. The various legal entities in CHC's organizational structure primarily consist of (i) operating affiliates, including Variable Interest Entities (as defined below), 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 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.

21. 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. In certain jurisdictions in which CHC operates, in order to satisfy local ownership requirements, CHC has entered into joint venture arrangements ("**JVs**") and strategic partnerships (together with the JVs, the "**Variable Interest Entities**") with third-party nationals or entities controlled by third-party nationals in those jurisdictions. CHC currently holds 11 active AOCs, all in separate regional legal entities.

22. 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. 11

23. The CHC FleetCos either own or lease from third-party lessors all of the aircraft in the CHC Fleet. In most cases, the FleetCos sublease the aircraft to HS Operating Entities. These leasing structures provide maximum regulatory and business flexibility.

24. The Heli-One Entities are responsible for the majority of the MRO 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 Fort Collins, Colorado.

25. CHC has centralized many of 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.

26. For the fiscal year ended April 30, 2016, the Debtors' total operating revenues were approximately $1.4 billion, representing an approximate 15% decrease in operating revenues year over year, which (as described herein) was driven by a dramatic decline in demand for CHC's helicopter services resulting from a change in customers' use of helicopter services and the price and terms on which they are willing to accept service.

II.

Prepetition Capital Structure

27. All of the Debtors are direct or indirect wholly-owned subsidiaries of Debtor CHC Group and, with the exception of CHC Cayman Investments I Ltd., together constitute the issuers and guarantors of all of the Debtors' funded debt (described in detail below). CHC's other entities, including certain operating entities, are not debtors in these Chapter 11 Cases and are continuing to conduct their businesses in the ordinary course. A chart illustrating the Debtors' organizational structure, as of the date hereof, is annexed hereto as **Exhibit B**. The following description of the Debtors' capital structure is for informational purposes only and is qualified in its entirety by reference to the documents setting forth the specific terms of such obligations and their respective related agreements.

28. As of the date hereof, the Debtors had outstanding funded debt obligations in the aggregate amount of approximately $1.6 billion, which amount consists of (i) approximately $370 million in secured borrowings under the Debtors' Revolving Facility (as herein defined), (ii) approximately $139 million in secured borrowing under the Debtors' ABL Facility (as herein defined), (iii) approximately $1.0 billion in principal amount of Senior Secured Notes (as herein defined), and (iv) approximately $95 million in principal amount of

Unsecured Notes (as herein defined). The Debtors also have approximately $644 million in Preferred Stock (as defined herein) outstanding as of the date hereof.[3]

A. Equity Ownership

29. CHC Group is a public company and files annual reports with, and furnishes other information to, the United States Securities and Exchange Commission (the "**SEC**"). The common stock of CHC Group traded on the New York Stock Exchange (the "**NYSE**") under the symbol "HELI" until February 1, 2016, when CHC received a delisting notice from the NYSE. Following the delisting, CHC's common stock was accepted for listing on the OTCQX Best Market ("**OTCQX**") and trading in CHC's common stock commenced on the OTCQX under the ticker symbol "HELIF" on February 2, 2016.

30. As of April 30, 2016, 544,000,000 shares of the Debtors' $0.003 par value common stock had been authorized with 2,721,592 shares of common stock issued and outstanding. As of April 30, 2016, 6,000,000 shares of the Debtors' $0.0001 par value redeemable convertible preferred shares had been authorized with 671,189 shares of redeemable convertible preferred shares issued and outstanding. As of May 3, 2016, CHC's common stock was trading at $0.65 per share.

31. As of April 30, 2016, First Reserve Management, L.P. ("**First Reserve**"), a global private equity firm focused on energy, owned 1,530,011 shares of the CHC's common stock, representing approximately 28.1% of the total voting power calculated on an as-converted basis of all stock.

32. On December 15, 2014, the Debtors completed the final of three offerings for a total of 600,000 shares of Convertible Preferred Shares (the "**Preferred Stock**" and the holders of Preferred Stock, the "**Preferred Holders**") through a private placement to Clayton

[3] All amounts listed in this Declaration are in United States dollars.

Dubilier & Rice, LLC ("**CD&R**") at the price of $1,000 per share for a total of $600 million. CHC used the net proceeds of this investment to reduce debt and other fixed charges.

33. Pursuant to that certain Rights and Restrictions of the Convertible Preferred Shares of CHC Group Ltd. Establishing the Terms of the Convertible Preferred Shares (the "**Preferred Share Rights and Restrictions**"), Preferred Holders accrue and accumulate dividends on a daily basis at a base rate of 8.50% *per annum*, which are payable, either in cash or with additional Preferred Stock, quarterly in arrears if, as and when so authorized and declared by the Board of Directors. As of April 30, 2015, 671,189 Preferred Shares were issued and outstanding, and all held directly or indirectly by CD&R.

34. At any given time, all Preferred Holders can convert any or all of their Preferred Shares into some number of common stock based upon a variable conversion rate. As of April 30, 2016, CD&R held preferred shares representing approximately 52.2% of common stock on an as-converted basis. Pursuant to the Preferred Share Rights and Restrictions, to the extent that any Preferred Holder converts some number of Preferred Shares into ordinary shares such that the Preferred Holder controls more than 49.9% of total outstanding common stock, any shares in excess of 49.9% of the total outstanding common stock are replaced with an equivalent number of non-voting common stock.

B. ABL Facility

35. Debtor CHC Cayman ABL Borrower Ltd. (the "**CHC ABL Borrower**"), as borrower, is a party to that certain Credit Agreement, dated as of June 12, 2015 (as amended, restated, supplemented or otherwise modified from time to time, the "**ABL Credit Agreement**" and, together with all agreements and documents delivered pursuant thereto or in connection therewith, each as amended, supplemented or otherwise modified, the "**ABL Facility Documents**"), with the lenders party thereto from time to time, Morgan Stanley Senior Funding,

Inc., as administrative agent (the "**ABL Administrative Agent**"), and BNP Paribas S.A., as collateral agent (the "**ABL Collateral Agent**"). The ABL Credit Agreement provides the borrower with a senior secured non-amortizing asset based revolving credit facility in the aggregate amount of up to $145 million (the "**ABL Facility**").

36. The obligations under the ABL Facility are guaranteed by 6922767 Holding SARL, CHC Helicopter Holding S.á r.l., CHC Helicopter S.A. ("**CHC SA**"), pursuant to that certain Guarantee Agreement, dated as of June 12, 2015, in favor of the ABL Administrative Agent, and by CHC Cayman ABL Holdings Ltd pursuant to that certain Guarantee and Collateral Agreement, dated as of June 12, 2015 (as amended, restated, supplemented, or otherwise modified from time to time, the "**ABL GCA**"), by and among CHC Cayman ABL Holdings Ltd., CHC ABL Borrower, the ABL Administrative Agent, and the ABL Collateral Agent.

37. Pursuant to the terms of the ABL GCA and certain local law security documents, CHC Cayman ABL Holdings Ltd. has purportedly granted a security interest in the equity interests it holds in CHC ABL Borrower, and CHC ABL Borrower has purportedly granted a security interest in substantially all of its respective assets, in each case to secure the obligations under the ABL Facility, subject to the exceptions specified in the ABL Facility Documents. The ABL Facility is purportedly secured by certain of the Debtors' owned aircraft and related assets, intercompany aircraft leases, and cash on deposit in certain of the Debtors' bank accounts. Pursuant to that certain most recent Borrowing Base Certificate, dated April 6, 2016 (the "**Borrowing Base Certificate**") annexed hereto as **Exhibit C**, the total average appraised value of the aircraft currently in the facility is approximately $185 million.[4]

[4] CHC's Monthly Depreciation Schedule for the period of May 2015 through March 2016, is annexed here to as **Exhibit D**. CHC's Projected Aircraft Depreciation Schedule is annexed hereto as **Exhibit E.**

38. As of the date hereof, the aggregate principal amount outstanding under the ABL Facility is approximately $139 million in unpaid principal, plus accrued and unpaid interest, fees, and other expenses. The ABL Facility bears interest at a floating rate that varies based upon the level of utilization of the facility, and matures on June 12, 2020.

C. The Revolving Facility

39. Debtors CHC SA, CHC Global Operations International Inc., CHC Global Operations (2008) Inc., Heli-One Canada Inc., Heli-One Leasing Inc., CHC Den Helder B.V., CHC Holding NL B.V., CHC Netherlands B.V., CHC Norway Acquisition Co AS, and Heli-One (Norway) AS, as borrowers, are parties to that certain Credit Agreement, dated as of January 23, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "**Revolving Credit Agreement**"), with the lenders and issuing banks party thereto from time to time (collectively, the "**Revolving Facility Lenders**"), HSBC Bank PLC, as administrative agent (the "**Revolving Facility Administrative Agent**"), and HSBC Corporate Trustee Company (UK) Limited, as collateral agent (together with the Revolving Facility Lenders and the Revolving Facility Administrative Agent, the "**Revolving Facility Secured Parties**").

40. The Revolving Facility Credit Agreement governs a revolving credit facility (the "**Revolving Facility**") that provides for revolving credit commitments, including letter of credit commitments and swingline commitments, in an aggregate principal amount of up to $375 million. The Revolving Facility is guaranteed by CHC Group, 6922767 Holding SARL, CHC Helicopter Holding S.á r.l., and certain of CHC SA's subsidiaries (the borrowers and guarantors under the Cash Flow Revolving Facility, the "**Revolving Facility Obligors**").

41. As of the date hereof, the aggregate principal amount outstanding under the Revolving Facility is approximately $328 million in unpaid principal and $43 million in face amount of undrawn Revolving Letters of Credit (as defined in the Revolving Credit Agreement),

plus accrued and unpaid interest, fees, and other expenses. The Revolving Facility bears interests at a floating interest rate that varies based upon the Company's consolidated total leverage, and matures on January 23, 2019.

D. The Senior Secured Notes

42. Debtor CHC SA, as issuer, is party to that certain Indenture, dated as of October 4, 2010 (as amended, modified, or otherwise supplemented from time to time, the "**Senior Secured Notes Indenture**"), with The Bank of New York Mellon, as indenture trustee (in such capacity, the "**Senior Secured Notes Indenture Trustee**"), and HSBC Corporate Trustee Company (UK) Limited, as collateral agent (together with the Senior Secured Notes Indenture Trustee and the Senior Secured Noteholders, the "**Senior Secured Notes Secured Parties**"), pursuant to which CHC SA issued 9.250% Senior Secured Notes due 2020 in the aggregate principal amount of $1.1 billion, of which approximately $1.0 billion is currently outstanding (the "**Senior Secured Notes**," and the holders of such notes, the "**Senior Secured Noteholders**").

43. The Senior Secured Notes are guaranteed by CHC Group, 6922767 Holding SARL, CHC Helicopter Holding S.á r.l., and certain of CHC SA's subsidiaries (the issuer and the guarantors in respect of the Senior Secured Notes, the "**Senior Secured Notes Obligors**").

44. As of the date hereof, the aggregate amount outstanding under the Senior Secured Notes is $1.0 billion in unpaid principal, plus accrued and unpaid interest, fees, and other expenses. The Senior Secured Notes bear interest at a rate of 9.25% per annum with interest payable semiannually on April 15 and October 15, and mature on October 15, 2020.

E. The Security Documents for the Revolving Credit Facility and the Senior Secured Notes

45. The obligations under the Revolving Credit Agreement and the Senior Secured Notes are purportedly secured in accordance with the terms of certain local law security documents, pursuant to which the Revolving Facility Obligors and the Senior Secured Notes Obligors purportedly granted first priority *pari passu* liens on substantially all of their assets (the "**Prepetition Collateral**"). The liens on the Prepetition Collateral were purportedly granted in favor of HSBC Corporate Trustee Company (UK) Limited, which was appointed to act as agent and trustee (in such capacity the "**Collateral Agent**") for the benefit of the Revolving Facility Secured Parties and the Senior Secured Notes Secured Parties under the terms of that certain Collateral Agent and Administrative Agent Appointment Deed, dated as of October 4, 2010, among the Revolving Facility Administrative Agent, the Senior Secured Notes Indenture Trustee, the grantors party thereto, the lenders and arrangers party thereto, and the Collateral Agent.

46. The rights of the Revolving Facility Secured Parties and the Senior Secured Notes Secured Parties with respect to their shared collateral are governed by that certain Intercreditor Agreement, dated as of October 4, 2010, among CHC SA, the other grantors party thereto, the Collateral Agent, the Revolving Facility Administrative Agent and the Senior Secured Notes Indenture Trustee (as amended, modified, or otherwise supplemented from time to time, the "**Intercreditor Agreement**"). Pursuant to the Intercreditor Agreement, all Cash Flow Revolving Facility Secured Obligations and Senior Secured Notes Obligations are secured equally with respect to the "**Shared Collateral**" described therein. Under the payment priority waterfall established by the Intercreditor Agreement, the Revolving Facility Secured Parties are entitled to receive proceeds of the Shared Collateral until paid in full, at which point the outstanding Senior Secured Notes Secured Obligations are to be paid ratably.

F. **The Unsecured Notes**

47. Debtor CHC SA, as issuer, is party to that certain Indenture, dated as of May 13, 2013 (as amended, modified, or otherwise supplemented from time to time, the "**Unsecured Notes Indenture**"), with The Bank of New York Mellon, as indenture trustee, pursuant to which CHC SA issued 9.375% Senior Unsecured Notes due 2021 in the original aggregate principal amount of $300 million (the "**Unsecured Notes**").

48. The Unsecured Notes are guaranteed by CHC Group, 6922767 Holding SARL, CHC Helicopter Holding S.á r.l., and certain of CHC SA's subsidiaries. The Unsecured Notes are senior unsecured obligations of the Debtors.

49. As of the date hereof, the aggregate amount outstanding under the Unsecured Notes is approximately $95 million in unpaid principal, plus accrued and unpaid interest, fees, and other expenses. The Unsecured Notes bear interest at a rate of 9.375% per annum with interest payable semiannually on June 1 and December 1, and mature on June 1, 2021.

III.

Key Events Leading to Chapter 11

50. As noted above, with a significant customer base in the oil and gas industry, CHC's performance is closely tied to and impacted by changes in oil prices. The prices of Brent crude oil and natural gas have declined dramatically since mid-year 2014, having recently reached multiyear lows, as a result of robust supply growth led by unconventional production in the United States, weakening demand in Europe and emerging markets, and the Organization of the Petroleum Exporting Countries' decision to continue to produce at current levels. These market dynamics have led many to conclude that the energy sector will remain under pressure for a prolonged period. The effects of this protracted downturn are evident in

both onshore and offshore operations and throughout the oil and gas supply chain – in both exploration and production.

51. Due to the significant and rapid downturn in market conditions, CHC is seeing its oil and gas customers reassess their exploration projects and reduce their capital expenditure plans. Offshore exploration activity has plummeted from its peak in 2013, with the majority of the drop in the last six months. Specifically, the global offshore rig count is down 27% since 2013, with deep water rigs down more than 34%. With oil and gas exploration in a lull, many of CHC's customers are using the down cycle to focus only on commitment wells and to perform plug and abandonment work. Overall, CHC's exploration revenue, which accounts for approximately 10% of CHC's revenue from the oil and gas industry, is down over 40% in 2016 versus 2014.

52. On the production side, which accounts for approximately 70% of CHC's revenue from the oil and gas industry, the sustained dip in oil prices has put the supply chains of oil and gas companies under intense pressure. As production revenue has dropped, oil and gas companies have been targeting operational inefficiencies in their supply chains to reduce costs. Pricing on existing contracts and new tenders has declined as these customers have implemented cost reduction measures and have demanded significant prices concessions. Customers also have started utilizing less frequent worker rotations and service patterns to increase their productivity of assets and employees, resulting in a reduction in the number of aircraft required for each contract. These improvements in passenger utilization, coupled with the decrease in volume of offshore personnel, have significantly reduced demand for flying hours. Some customers have even started taking advantage of clauses in their contracts that permit termination for convenience as they seek out new contracts on the lowest-price principle from competitors. CHC's customers have been able to extract more and more concessions and favorable contract

terms as the market for the remaining share of flight hours continues to shrink. Unlike exploration revenue that may come back as the oil price rebounds, these operational efficiencies on the production side are margin negative for helicopter operators and will likely remain in the supply chain even as market conditions improve.

53. Despite efforts to undertake transactions to reduce long-term debt and reduce structural costs that are discussed below, the Debtors are unable to absorb the ongoing and precipitous decline in business demand from the oil and gas industry and the corresponding decline in the Debtors' revenues and cash flows. Based on current market conditions, the Debtors believe that a significant reduction in their long-term debt and cash interest obligations, as well as a significant reduction in their fleet size and related expenses, is required to improve their financial position and flexibility and position them to take advantage of opportunities that may arise out of the current industry downturn.

A. Cost Cutting Measures

54. In response to these developments, the Debtors have, among other things, significantly reduced their spending and implemented a series of structural cost-cutting measures (described in more detail below). Recognizing the need to take these proactive steps in this down market, in early 2015, the Debtors brought in a new management team with substantial experience and expertise in the aircraft and leasing industry. The members of this new management team draw on experience from GE Capital, International Lease Finance Corporation, and Schlumberger, and the team is led by Chief Executive Officer, Karl Fessenden. Over the past year, the Debtors and this new management team have, through various initiatives, achieved reductions in operating expenses of approximately 18% on an FX neutral basis.

55. Specifically, these costs reductions were driven by, among other things, a significant reduction in headcount, certain base closures, organizational delayering and

centralization of back-office functions, renegotiation of certain professional fees, restructuring of the maintenance and engineering teams, and various fleet adjustments. In addition, CHC engaged a consultant to review and provide recommendations to restructure its supply chain organizational structure and approach, which led to a substantial consolidation of its suppliers along with various process changes. For example, CHC consolidated its air freight and courier carriers from 54 to 10 key accounts, reducing costs by over $4 million, and optimized its inventory, reducing repair costs by over $7 million. CHC also undertook a strategic review of its direct labor costs, which resulted in changes to its roster patterns, a reduction in travel pay for employees, and a decision to outsource certain non-essential work such as ground operations.

56. The Debtor have also taken steps to reduce their total outstanding long-term obligations through two debt repurchase transactions of their Unsecured Notes, which resulted in a reduction of their annual cash requirements by approximately $3.8 million. This restructuring complemented the debt redemption and repurchase transactions the Debtors undertook in fiscal years 2014 and 2015 to reduce their total outstanding long-term debt obligations, which reduced their cash requirements on an annualized basis approximately $41.9 million.

57. Despite the best efforts of the Debtors and their management to actively restructure and reduce their operational and financial costs, the significant and prolonged downturn in market conditions in the oil and gas sector, the cost cutting measures being deployed by their customers, and the related decrease in the Debtors' revenues and cash flows from operations, has caused uncertainty regarding the viability of the Debtors' leveraged capital structure and cash flow structure in the long term. Accordingly, the Debtors began to explore potential alternatives that would allow the Debtors to deleverage their balance sheet, reduce their fleet cost structure, and allow for growth and long-term success.

58. In response to this, in early 2016, the Debtors retained Weil, Gotshal & Manges LLP ("**Weil**"), as restructuring counsel, Debevoise & Plimpton LLP ("**Debevoise**"), as special aircraft counsel, PJT Partners LP ("**PJT Partners**"), as investment banker, Seabury Corporate Advisors LLC ("**Seabury**"), as financial advisor, and CDG Group, LLC, as restructuring advisor (together with Weil, Debevoise, PJT Partners, and Seabury, the "**Advisors**"), to assist them in developing and implementing a comprehensive restructuring plan. The Advisors quickly engaged to explore, analyze, and develop strategic alternatives for resolving the Debtors' financial issues.

B. Preserving Liquidity

59. One of the earliest strategies emphasized by the Debtors' Advisors was the implementation of a strict liquidity preservation policy. Consistent with this, in January 2016, the Debtors drew the remaining $233 million available under the Cash Flow Revolving Facility. In addition, in April 2016, CHC Group and CHC SA decided not to make an interest payment of approximately $46 million due with respect to the Senior Secured Notes, and to use the 30-day grace period under the Senior Secured Notes Indenture to continue working with the Advisors to review strategic alternatives for restructuring the Company's debt and leases expenses.

C. Prepetition Negotiations with Creditors

60. With the flexibility of the grace period, the Debtors and their Advisors commenced negotiations with certain of the Debtors' key stakeholders, including various members of the Debtors' capital structure as well as the Debtors' third-party aircraft lessors. During these early discussions, the Debtors' presented their business plan, strategies for creating a viable business model in this down market, and restructuring proposals.

61. Recognizing the importance of swift action to preserve liquidity and enterprise value, these stakeholders and their advisors quickly began conducting diligence and

engaging with the Debtors and their Advisors. These negotiations advanced through the early stages and continue to progress.

62. The Debtors decided to seek chapter 11 protection to take advantage of the breathing spell afforded by the automatic stay as they continue negotiating and working with these creditors and lessors to develop a proposal to restructure CHC's fleet and balance sheet. The Debtors are focused on quickly moving forward and ideally reaching a consensual deal that will enable the Debtors to quickly emerge from these Chapter 11 Cases with a significantly strengthened financial position.

63. The Debtors expect that their current cash on hand, combined with revenue generated from ongoing operations, will provide sufficient liquidity to support CHC's business during these Chapter 11 Cases.

V.

First Day Motions

64. Below is an overview of the First Day Motions. The First Day Motions seek relief intended to facilitate a smooth transition for the Debtors into these Chapter 11 Cases and minimize disruptions to the Debtors' business operations. Capitalized terms used but not otherwise defined in this section of the Declaration shall have the meanings ascribed to them in the relevant First Day Motions.

A. Joint Administration Motion

DEBTORS' MOTION FOR ENTRY OF AN ORDER AUTHORIZING JOINT ADMINISTRATION OF CHAPTER 11 CASES PURSUANT TO RULE 1015(B) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE

65. By the Joint Administration Motion, the Debtors seek joint administration of their Chapter 11 Cases for procedural purposes only pursuant to Bankruptcy Rule 1015(b) and Rule 1015-1 of the Local Rules. Specifically, I understand that the Debtors request that the

Court maintain one file and one docket for all of these Chapter 11 Cases under the case of lead Debtor CHC Group. Further, the Debtors request that an entry be made on the docket of each of the cases of the Debtors to indicate the joint administration of these Chapter 11 Cases.

66. I understand that a court can order the joint administration of multiple Chapter 11 Cases where the debtors are "affiliates" as defined in section 101(2) of the Bankruptcy Code. Debtor CHC Group owns or controls, either directly or indirectly, 100 percent of the outstanding voting securities of each of the other Debtors. Accordingly, I understand that the Debtors are "affiliates" and this court is authorized to order joint administration of their estates. Joint administration will avoid the preparation, replication, service, and filing, as applicable, of duplicative notices, applications, and orders in each of the forty-three Debtor cases, thereby saving the Debtors' estates considerable expense and resources. The relief requested will not adversely affect creditors' rights and, in fact, the rights of all creditors will be enhanced by the reduction in costs resulting from joint administration. Further, I understand that the relief requested will also relieve the Court of the burden of entering duplicative orders and maintaining duplicative files and dockets, and, similarly, simplify supervision of the administrative aspects of these Chapter 11 Cases by the Office of the U.S. Trustee for the Northern District of Texas (the "**U.S. Trustee**").

67. Accordingly, I believe that joint administration of the Debtors' Chapter 11 Cases is in the best interests of the Debtors, their estates, and all parties in interest.

B. Extension of Time to File SOFAs and Schedules

DEBTORS' MOTION FOR ENTRY OF ORDER EXTENDING TIME TO FILE (I) SCHEDULES OF ASSETS AND LIABILITIES; (II) SCHEDULE OF CURRENT INCOME AND EXPENDITURES; (III) SCHEDULE OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (IV) STATEMENT OF FINANCIAL AFFAIRS PURSUANT TO SECTION 521 OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 1007(C), AND LOCAL RULE 1007-1

68. By the Extension Motion, the Debtors request that the Court extend the fourteen-day period in which the Debtors are required, pursuant to section 521 of the Bankruptcy Code and Rule 1007(c) of the Bankruptcy Rules, to file (i) schedules of assets and liabilities, (ii) a schedule of current income and expenditures, (iii) a schedule of executory contracts and unexpired leases, and (iv) a statement of financial affairs (collectively, the "**Schedules**"), for an additional forty-five days (making the Schedules due on or before sixty days after the Petition Date), without prejudice to the Debtors' right to request further extensions.

69. I understand that, to prepare the Schedules, the Debtors must compile information from books, records, and documents maintained by each of the forty-three Debtors, relating to the claims of thousands of creditors, as well as the Debtors' many assets and contracts. With global operations and a widespread international footprint, it will take substantial time to gather and process such information. The Debtors have a limited number of employees with detailed knowledge of the Debtors' financial affairs and the skill to perform the necessary review and analysis of the Debtors' financial records. Given the size and complexity of the Debtors' businesses, and the resulting significant amount of work required to complete the Schedules, as well as the competing demands on the Debtors' employees and professionals to assist in critical efforts to stabilize the Debtors' business operations during the initial postpetition period, I believe that an extension is necessary.

70. I believe that the extension requested in the Extension Motion also will aid the Debtors in efficiently preparing accurate Schedules, as it will allow the Debtors to account for prepetition invoices not yet received or entered into their accounting systems as of the Petition Date, and will minimize the possibility that any subsequent amendments to the Schedules are necessary. As such, I believe that the extension will benefit not only the Debtors, but all creditors and other parties in interest.

71. Although the Debtors, with the assistance of their professional advisors, have begun to compile the information necessary for the Schedules, I understand that the Debtors have been consumed with a multitude of other legal, business, and administrative matters in the weeks prior to the Petition Date. Going forward, the Debtors anticipate having to devote a substantial amount of time and attention to a variety of additional, time-sensitive issues relating to their businesses and newly-commenced Chapter 11 Cases. Accordingly, I understand that the Debtors expect that they will require at least forty-five additional days to finalize the Schedules.

72. I believe that the vast amount of information that the Debtors must assemble and compile, the multiple places where the information is located, and the number of employee and professional hours required to complete the Schedules all constitute good and sufficient cause for granting the requested extension of time in the Extension Motion.

C. **Waiver of Requirement to File Creditor List and Equity List**

MOTION OF DEBTORS FOR ENTRY OF AN ORDER (I) WAIVING THE REQUIREMENT TO FILE A LIST OF CREDITORS, (II) WAIVING THE REQUIREMENT TO FILE AN EQUITY LIST, AND (III) APPROVING THE FORM AND MANNER OF NOTIFYING CREDITORS OF THE COMMENCEMENT OF THE DEBTORS' CHAPTER 11 CASES

73. By the Waiver Motion, the Debtors request, pursuant to section 105(a) of the Bankruptcy Code: (i) a waiver of the requirement to file a list of creditors on the Petition Date as required by section 521(a)(1) of the Bankruptcy Code, Rule 1007(a)(1) of the

Bankruptcy Rules, and Rule 1007-1 of the Local Rules Bankruptcy Rules for the Northern District of Texas, (ii) a waiver of the requirement to file a list of all equity security holders (the "**Equity List**") within fourteen (14) days after the Petition Date as required by Bankruptcy Rule 1007(a)(3), and (iii) authority to implement certain procedures for notifying creditors of the commencement of these Chapter 11 Cases and of the meeting of creditors to be held pursuant to section 341 of the Bankruptcy Code (the "**Notice of Commencement**").

74. I understand that the Debtors are requesting authorization to retain and employ Kurtzman Carson Consultants LLC as a notice and claims processing agent (the "**Notice and Claims Agent**") in these Chapter 11 Cases, pursuant to section 156(c) of title 28 of the United States Code and section 327(a) of the Bankruptcy Code. The Debtors propose that, pursuant to section 342(a) of the Bankruptcy Code and Bankruptcy Rules 2002(a) and (f), as soon as practicable after the Petition Date, the Debtors furnish their list of creditors to the Notice and Claims Agent so that the Notice and Claims Agent may mail the Notice of Commencement to the parties identified thereon.

75. The Notice and Claims Agent will receive the list of creditors and mail the Notice of Commencement to the parties identified thereon and the Notice of Commencement will be published in the international edition of the *Wall Street Journal*. Thus, filing a list of creditors will serve no independent purpose.

76. The Debtors will provide the parties on the Equity List with notice as required by the Bankruptcy Code. Thus, waiving the Equity List will not prejudice the equity security holders.

77. Based on the foregoing, I believe that the relief requested in the Waiver Motion is appropriate in these Chapter 11 Cases to provide adequate notice to all parties in interest

D. Customer Deposits

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MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS AUTHORIZING DEBTORS TO MAINTAIN, APPLY, PAY, AND HONOR PREPETITION CUSTOMER DEPOSITS PURSUANT TO SECTIONS 363(b) AND 105(a) OF THE BANKRUPTCY CODE

78. Pursuant to the Customer Deposits Motion, the Debtors request authority to, in the ordinary course of business and consistent with past practice, maintain, apply, pay, and honor prepetition customer deposits. As described more fully in the motion, the Debtors have a contractual arrangement with certain of their third-party PBH customers (the "**Customers**") whereby the Customer pays a monthly fee (the "**Deposit**"), calculated based upon estimated flight hours operated, to be allocated to pay for future maintenance performed on covered components during each component's respective maintenance cycle. Upon the termination or expiration of the Customer's contract, the Heli-One Debtors calculate what amount, if any, is owed to the Customer based upon the timing of the contract's termination or expiration within the maintenance cycle of the covered components and the amount is calculated to provide for fees accrued in anticipation of a maintenance cycle that has not yet concluded. In certain limited circumstances, additional amounts could be owed by the Customer to the Heli-One Debtors. The amount ultimately paid to the Customer also takes into account a contractually agreed upon percentage of the Deposit that is retained by the Heli-One Debtor as a holdback for capital costs.

79. The Deposits are an integral part of the Debtors' MRO business and the terms and conditions on which they are paid and applied are used elsewhere in the industry. As a result of the commencement of these Chapter 11 Cases, I have been advised that the Deposits constitute property of the Debtors' estates, leaving Customers with unsecured claims for such amounts. Absent relief from the Court permitting the Heli-One Debtors to treat those Deposits in the ordinary course of business and apply such Deposits according to the terms of the Customer contracts, the Heli-One Debtors will be left in an untenable position with their Customers. It is

crucial to the ongoing success of the Debtors' operations that the Heli-One Debtors maintain their relationships with their Customers. Without the ability to continue to honor the Deposits in the ordinary course of business, the Heli-One Debtors' reputation, market share, and revenue stream are at risk. Many of the Customers' contracts are terminable at will. If the Customers fail to receive assurance that their Deposits will be honored and applied, and that any amounts owed will be paid pursuant to the contract terms upon termination or expiration of the contracts, there is a significant risk that Customers may seek relief from the automatic stay to terminate their contracts and obtain services from one of the Heli-One Debtors' competitors. Indeed, certain of the Heli-One Debtors' Customers already have expressed concerns about the status and treatment of their Deposits.

80. It is my understanding that the Debtors estimate that, as of the Petition Date, the Heli-One Debtors hold approximately $30-40 million in Deposits on account of approximately fifteen (15) Customer contracts and estimate that approximately $18 million could potentially be owed to Customers upon termination or expiration of the Customers' contracts.

81. Accordingly, I believe that the relief requested in this motion is in the best interests of the Debtors, their estates, and all parties in interest and should be granted.

E. **Automatic Stay Enforcement**

MOTION OF DEBTORS FOR ENTRY OF ORDER ENFORCING THE PROTECTIONS OF SECTIONS 362, 365, 525, AND 541(c) OF THE BANKRUPTCY CODE PURSUANT TO SECTION 105 OF THE BANKRUPTCY CODE

82. Pursuant to the Automatic Stay Enforcement Motion, the Debtors request entry of an order enforcing the protections of sections 362, 365, 525, and 541(c) of the Bankruptcy Code to aid in the administration of their Chapter 11 Cases and to help ensure that the Debtors' global business operations are not disrupted. As previously noted, the Debtors conduct significant operations in foreign countries and, as a result, incur obligations to foreign

customers, employees, independent contractors, vendors, service providers, utility companies, taxing authorities and other entities. Many of the Debtors' foreign creditors and contract counterparties do not transact business on a regular basis with companies that have filed for chapter 11 protection and, therefore, may be unfamiliar with the scope of a debtor in possession's authority to conduct its business and may be unaware of the protections of the automatic stay and other provisions of the Bankruptcy Code that assist debtors in possession during their Chapter 11 Cases and restructuring efforts.

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83. I have been informed that the protections afforded by sections 362, 365, 541, and 525 of the Bankruptcy Code are self-executing and global; however, I believe that not all parties affected or potentially affected by the commencement of a chapter 11 case are aware of these statutory provisions or their significance and impact. Consequently, I believe that it is prudent to obtain an order of the Court confirming and reinforcing the relevant sections of the Bankruptcy Code so that the Debtors may advise such parties of the existence, reach, and effects of these sections of the Bankruptcy Code.

84. I believe the requested relief is particularly appropriate in the present cases because the Debtors operate in many foreign jurisdictions with different legal systems, including, but not limited to, Australia, Canada, Norway, Denmark, Malaysia, Ireland, the United Kingdom, Poland, and Barbados. The Debtors' helicopters fly around the world. In the course of operating their helicopter services and MRO businesses, the Debtors engage with numerous foreign customers, suppliers, and other vendors, as well as foreign regulators and other governmental units. In addition, the Debtors are incorporated under the laws of numerous countries and some of the Debtors' key contracts are governed by the laws of foreign jurisdictions.

85. Based on the foregoing, I believe that the relief requested in this motion is in the best interests of the Debtors, their estates, and all parties in interest and should be approved.

F. Cash Management System Motion

MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS TO (A) CONTINUE THEIR EXISTING CASH MANAGEMENT SYSTEM, (B) CONTINUE EXISTING INTERCOMPANY TRANSACTIONS, (C) MAINTAIN EXISTING BANK ACCOUNTS AND BUSINESS FORMS, AND (D) HONOR CERTAIN PREPETITION OBLIGATIONS RELATING TO THE USE OF THE CASH MANAGEMENT SYSTEM, AND (II) GRANTING EXTENSION OF TIME TO COMPLY WITH, AND PARTIAL WAIVER OF, REQUIREMENTS OF SECTION 345(B) OF THE BANKRUPTCY CODE PURSUANT TO SECTIONS 105(A), 345(B), 363(C), 364(A), AND 503(B) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 AND 6004

86. By the Cash Management Motion, the Debtors request: (i) authorization to (a) continue their existing cash management system (the "**Cash Management System**"), (b) continue certain Intercompany Transactions (as defined below), including Intercompany Netting (as defined below), and afford Intercompany Transactions with Debtor entities administrative expense priority, (c) maintain existing bank accounts (collectively, the "**Bank Accounts**") located at various banks (collectively, the "**Banks**") and existing business forms, and (d) honor certain prepetition obligations relating to the use of the Cash Management System; and (ii) an extension of time to comply with, and partial waiver of, the requirements of section 345(b) of the Bankruptcy Code. CHC uses a centralized cash management system to collect and transfer the funds generated by both the Debtors and Non-Debtor Affiliates and disburse those funds to satisfy the obligations incurred in the course of operating CHC's businesses. Carefully managed and maintained by CHC's treasury personnel, all collections, transfers and disbursements of cash are accurately tracked and reported as they are made. I understand that

CHC adopted its centralized cash management system shortly before the Petition Date in response to the discontinuance of cash pooling agreements with two of the Banks.

87. I understand that the Cash Management System facilitates cash monitoring, forecasting, and reporting and enables CHC to maintain control over the administration of the Bank Accounts located at the Banks, including, but not limited to, the Debtor bank accounts listed on **Exhibit D** to the Cash Management Motion. I have been informed that the Debtors maintain 230 bank accounts comprised mainly of operating/disbursement accounts as well as a small number of specialized restricted accounts established for particular projects or business purposes.[5] As described in further detail below, the components of the Cash Management System are organized around three principal cash functions: collection, concentration, and disbursement. **Exhibit E** to the Cash Management Motion illustrates the movement of cash and flow of funds through the Cash Management System. In addition, I understand that the Debtors also use certain additional payment methods in conjunction with the Cash Management System, including: (i) a global corporate credit card program with American Express (the "**Corporate Credit Card Program**"); (ii) a pre-loaded debit card program managed by Berkeley Payment Solutions (the "**Pre-Loaded Debit Card Program**"); and (iii) petty cash.

88. Both the Debtors and the 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 individual CHC entities, whether Debtors or Non-Debtor Affiliates, do not have their own cash management system and must rely on the Cash Management System in the course of their day-to-day business operations.

[5] The specialized restricted accounts are used for purposes such as securing work visas for certain of the Debtors' employees in Kazakhstan, cash collateralizing letters of credit, paying certain payroll taxes in Norway, and providing security deposits to certain lessors in the ordinary course of business.

This system for cash management provides a seamless accounting function across and among all CHC entities in a single location, reducing banking expenses, permitting prompt and accurate liquidity tracking, and allowing simple and accurate intercompany allocations and transfers. To lessen the disruption caused by these Chapter 11 Cases, minimize expense, and maximize the value of their estates, it is vital that the Debtors maintain their existing system of managing cash under the Cash Management System.

Cash Collection

89. I understand that CHC's revenue is primarily generated through its operating subsidiaries. CHC's Debtor and non-debtor operating subsidiaries receive and collect revenue on account of: (i) helicopter flight operations carried out by CHC's heli-service subsidiaries (the "**Heli-Service Subsidiaries**"); (ii) helicopter maintenance, repair, and overhaul operations carried out by its Heli-One division (the "**Heli-One Subsidiaries**"), which services CHC's helicopter fleet as well as third-party customers; (iii) the provision of helicopter leases with varying levels of associated service and staffing to third-party customers (the "**Strategic Partnerships**"); and (iv) ownership interests in JVs (collectively with the Heli-Service Subsidiaries, Heli-One Subsidiaries, and Strategic Partnerships, the "**Revenue Generating Entities**").

Concentration

90. I understand that the majority of cash received by the Revenue Generating Entities is ultimately collected in one of six main operating accounts (the "**Main Operating Accounts**") held by Cayman Investments I at Bank of America, National Association ("**Bank of America**"). 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.

91. I have been informed that cash collected by the Revenue Generating Entities is first used by those entities to pay for certain local costs and expenses (*e.g.*, local payroll, taxes, and other third-party direct costs and expenses). After any local minimum capital requirements are taken into account, the Revenue Generating Entities then upstream excess cash to the Main Operating Accounts. When a Revenue Generating Entity transfers such funds, Cayman Investments I books an account payable in the relevant Revenue Generating Entity's name on account of that transfer.

Disbursements

92. I understand that CHC makes most of its disbursements from the Main Operating Accounts. CHC's disbursements relate primarily to (i) payroll and employee expenses, (ii) debt service, (iii) helicopter lease payments, (iv) operating expenses, and (vi) taxes.

93. To support the operations of the Revenue Generating Entities, CHC has numerous Debtor and Non-Debtor Affiliate captive service companies (the "**Service Companies**") that provide management, personnel, corporate services, equipment, maintenance, and other forms of support to the Revenue Generating Entities. These Service Companies include, but are not limited to: (i) leasing entities, which lease helicopters directly from third-party lessors and then sublease those aircraft to the Revenue Generating Entities; (ii) Heli-One Subsidiaries, which provide maintenance, repair, and overhaul services to the Revenue Generating Entities (in addition to third party customers); (iii) CHC Helicopters (Barbados) Limited and CHC Hoofddorp BV ("**Hoofddorp**"), which license CHC's intellectual property to the Revenue Generating Entities; (iv) management and corporate service entities, which provide general and administrative support to the Revenue Generating Entities; and (v) employment entities, which provide crew and maintenance staff to the Revenue Generating Entities. Periodically, the Service Companies issue intercompany invoices (the "**Intercompany**

Invoices") to the Revenue Generating Entities on account of the support and services they have provided. I understand that the Intercompany Invoices are booked as accounts receivable at the relevant Service Companies and as accounts payable at the relevant Revenue Generating Entities. These Intercompany Invoices are satisfied via an intercompany netting arrangement, as described below.

94. Cayman Investments I disburses funds on behalf of the Service Companies, and in some instances, certain Revenue Generating Entities, on account of amounts payable to third parties by wire transfer. I have been informed that where accounts payable must be paid directly by the relevant Service Company or Revenue Generating Entity and that entity does not have sufficient cash to meet those obligations, Cayman Investments I funds a disbursement account at the relevant entity by way of an Intercompany Transaction (as defined below). In certain situations, a Service Company or Revenue Generating Entity may pay its own third-party expenses if that entity has sufficient cash in the correct currency, and CHC's treasury team determines that making such payment directly, rather than via Cayman Investments I, is more efficient.

95. I have been informed that Cayman Investments I also provides an important foreign currency management function for the CHC businesses. When a Service Company or Revenue Generating Entity has sufficient cash to satisfy a local creditor, but that cash is in the wrong currency, that Service Company or Revenue Generating Entity can swap currencies against the Main Operating Accounts. For example, if an entity's contract revenues were collected in Euros, but the entity needs to pay an invoice in U.S. dollars, that entity can trade Cayman Investments I Euros for U.S. dollars. Such swaps are priced at a market rate set automatically by CHC's accounting system at the end of every month. Cayman Investments I

does not profit from such swaps, and CHC does not use these transactions to hedge against fluctuations in currency prices.

96. Every CHC entity is party to that certain Cash Management and Cash Pooling Agreement (Cayman Down), effective April 29, 2016 and that certain Cash Management and Cash Pooling Agreement (Cayman Up), effective April 29, 2016 (together, the "**Intercompany Netting Agreement**").[6] I understand that pursuant to the Intercompany Netting Agreement, CHC periodically nets the Intercompany Claims (as defined below) owing between the Revenue Generating Entities, the Service Companies, and Cayman Investments I ("**Intercompany Netting**"). The Intercompany Netting offsets amounts owing between Revenue Generating Entities and Services Companies on account of the Intercompany Invoices against Intercompany Claims to/from Cayman Investments I, and converts them into a single Intercompany Claim owed to or by Cayman Investments I (the "**Intercompany Balances**"). The Intercompany Balances are generated by having entities that are party to the Intercompany Netting Agreement periodically assign Intercompany Claims they hold to Cayman Investments I. The assignment is made in exchange for a receivable of equal face amount from Cayman Investments I. Cayman Investments I is then able to offset its accounts receivable from, and accounts payable to, each entity in the Cash Management System. The Intercompany Balances are carefully recorded, and track the extent to which individual CHC legal entities contribute to, or are dependent upon, the overall CHC enterprise.

97. I understand that transfers between CHC entities (including by electronic book entry, the "**Intercompany Transactions**," and each intercompany receivable and payable

[6] Lloyd Helicopter Services Pty Ltd., Lloyd Helicopters Pty Ltd., CHC Helicopter Australia Pty Ltd., Lloyd Bass Strait Helicopters Pty Ltd., and Lloyd Helicopters International Pty Ltd. (collectively, the "**Australian Entities**") and Cayman Investments I are also party to that certain Side Deed to the Cash Management and Cash Pooling Agreements, effective May 4, 2016 (the "**Australian Side Deed**"). Pursuant to the Australian Side Deed, any transfer of cash or other assets out of an Australian Entity is subject to certain review and approval rights of the board of directors of that Australian Entity.

generated pursuant to an Intercompany Transaction, an "**Intercompany Claim**") are generally recorded in CHC's intercompany books and records automatically by CHC's accounting system. Disbursements, including wires, certain automated clearing house ("**ACH**") and electronic funds transfer ("**EFT**") payments, certain accounts payable checks, and certain checks to governmental entities are issued by CHC Cayman Investments I and then allocated to the appropriate CHC entity through Intercompany Transactions.

98. I have been informed that CHC also benefits from the use of a cross-currency cash pool with Nordea Bank Norge ASA (the "**Nordea Pool**"). The Nordea Pool aggregates balances in Bank Accounts held by several Debtors and Non-Debtor Affiliates,[7] and permits CHC to carry negative balances in certain accounts so long as the overall balance in the pool remains positive. This arrangement affords CHC a degree of flexibility in certain situations where it collects revenue in one currency, but must then disburse funds in another currency. Funds from the Nordea Pool are routed through the Main Operating Accounts for cross-entity transfers.

Additional Payment Methods

99. I understand that, as noted above, CHC utilizes certain additional cash management tools in support of the ordinary course operation of its businesses, including the Corporate Credit Card Program, the Pre-Loaded Debit Card Program, and the use of petty cash.

100. I have been informed that the Corporate Credit Card Program is used in the ordinary course of business by CHC as a convenient way to allow employees to make purchases for the business where a wire, check, ACH, or EFT payment is not possible or otherwise inconvenient. In addition, CHC's procurement group uses specialized purchasing

[7] Debtor participants in the Nordea Pool are CHC Norway Acquisition Co AS, Heli-One (Norway) AS, Heli-One (UK) Ltd., Heli-One Leasing (Norway) AS, and Integra Leasing AS. CHC Helikopter Services AS, a non-Debtor, is also a participant in the Nordea Pool. The currencies covered by the Nordea Pool include Norwegian Krone, U.S. Dollars, Canadian Dollars, British Pounds Sterling, and Euros.

cards to purchase various supplies, consumables, and off-the-shelf parts. The Corporate Credit Card Program consists of 237 corporate American Express cards and five American Express purchasing cards. The 237 corporate cards consist of 17 Platinum Cards, which are held by certain CHC executives and senior managers, and 220 Green Cards, which are held by key CHC employees in different jurisdictions across the globe. The Corporate Credit Card Program features a number of safety and security measures designed to prevent fraud or misuse. For example, CHC's American Express cards have controlled merchant codes, which prevent cardholders from using their cards for certain categories of inappropriate expenses. In addition, CHC regularly receives a global credit card billing statement from American Express, confirms that the charges are attributable to CHC business expenses or appropriate employee expense reimbursements, and then remits payment to American Express. After reviewing its monthly statement, CHC has the ability to flag inappropriate charges. When an inappropriate charge is flagged, American Express seeks reimbursement from the cardholder directly rather than CHC. CHC employees who hold CHC American Express Cards are required to submit expense reports, and must support those reports with receipts for all charges greater than $25. CHC's average monthly expenses associated with the Corporate Credit Card Program are approximately $350,000. In the weeks leading up the Petition Date, CHC began paying and prepaying American Express on a weekly basis. Consequently, I do not believe that American Express holds any prepetition claims against the Debtors, and are only seeking to continue using the Corporate Credit Card Program in the ordinary course of business.

101. I have been informed that the Pre-Loaded Debit Card Program consists of approximately 100 pre-loaded Visa debit cards (the "**Berkeley Cards**") managed by Berkeley Payment Solutions ("**Berkeley**") and governed by that certain Master Prepaid Card Services Agreement, dated May 21, 2014, between Berkeley and Heli-One Canada Inc. ("**Heli-One**

Canada").[8] I understand that the Pre-Loaded Debit Card Program is managed by CHC's treasury group, and provides a convenient way for CHC employees across the globe, including base managers and pilots, to make relatively small, one-off purchases. The cost of the Pre-Loaded Debit Card Program varies based on use, and Berkeley invoices Heli-One Canada Inc. for the Pre-Loaded Debit Card Program on a monthly basis. I have been informed that the average cost of the Pre-Loaded Debit Card Program prior to the Petition Date was $1,500 per month. The CHC treasury group has the ability to easily fund or de-fund the Berkeley Cards as the need arises, and new cards can be issued easily. The Berkeley cards are particularly useful for CHC employees performing ferry flights to move helicopters from one jurisdiction to another. During ferry flights, CHC pilots can use a Berkeley Card to pay for travel costs, fuel, and incidentals as they fly the helicopter from one jurisdiction to another – trips that often require more than one stop. The Berkeley cards are held by employees of the Debtors as well as employees of the Non-Debtor Affiliates. I understand that to fund the Pre-Loaded Debit Card Program, CHC's treasury group causes Heli-One Canada ULC to fund an escrow account at the Royal Bank of Canada ("**RBC**") in the name of RBC Prepaid Card Program. CHC's contributions to the account are tracked by Berkeley, and only CHC has the ability to direct the use of the funds that it contributes to the RBC escrow account. To fund a particular debit card, the CHC treasury group provides instructions to Berkeley, which funds the particular card from the RBC escrow account. I have been informed that as of the Petition Date, CHC has approximately $65,000 in the RBC escrow account, and approximately $115,000 distributed across the issued and outstanding Berkeley Cards. I understand that any CHC entity that requests a funded Berkeley Card immediately reimburses Heli-One Canada for any amounts

[8] Heli-One Canada ULC was formerly known as Heli-One Canada Inc. Heli-One Canada Inc. was continued as a British Columbia Unlimited Liability Company in the fall of 2014.

loaded onto a Berkeley card on its behalf. Consequently, the funds in the RBC escrow account and loaded onto the Berkeley cards are attributable not only to Heli-One Canada, but also to a number of Debtors and Non-Debtor Affiliates. I have been informed that prior to the Petition Date, the Debtors prepaid Berkeley. Consequently, because of that prepayment and because the Berkeley cards are pre-funded, I do not believe that Berkeley holds any prepetition claim against the Debtors. I have been informed that CHC will instruct its employees that the Berkeley Cards are not to be used to satisfy prepetition obligations, and are only seeking to continue using the Pre-Loaded Debit Card Program in the ordinary course of business.

102. I have been informed that in addition to the Corporate Credit Card Program and the Pre-Loaded Debit Card Program, the Debtors also use petty cash managed by CHC employees at CHC's bases around the world to satisfy certain *de minimis* obligations. I understand that CHC will instruct its employees that petty cash is not to be used to satisfy prepetition obligations, and the Debtors propose to continue using petty cash on hand in the ordinary course of business.

Mozambique Cash

103. I understand that until recently, CHC Global Operations Canada (2008) ULC ("**GO Canada**") carried out helicopter flight operations in the Republic of Mozambique ("**Mozambique**") using a local branch established in Mozambique ("**CHC Mozambique**"). I have been informed that as part of its ordinary course cash management procedures for repatriating revenue earned in Mozambique, CHC Mozambique makes intercompany transfers to Hoofddorp on account of both intellectual property royalty charges and general and administrative expenses. I have been informed that as of the Petition Date, approximately $1,300,000 of intercompany invoices issued by Hoofddorp to CHC Mozambique are due and outstanding, and such amount currently is deposited in a Bank Account controlled by CHC

Mozambique (the "**Mozambique Funds**"). Under applicable law in Mozambique, payment of the intercompany obligation owed by CHC Mozambique to Hoofddorp is the only way to repatriate that cash, and to accomplish this GO Canada was required to register the relevant intercompany service agreements with the government of Mozambique when it established CHC Mozambique. I understand that to effectuate the transfer of funds, CHC Mozambique must obtain a certification from the government that it has paid all local taxes, including applicable withholding taxes, and then it presents that tax certification, along with a copy of the registered intercompany invoice, to Standard Bank in Mozambique. I have been informed that once Standard Bank has verified that all of the paperwork is in order, it will permit CHC Mozambique to wire the Mozambique Funds to Hoofddorp. Any remaining cash related to the retained branch profits of CHC Mozambique will be repatriated once audited financial statements are issued and final tax returns are prepared in due course. By the Cash Management Motion, the Debtors are seeking authority, on a final basis only, to permit CHC Mozambique to satisfy its prepetition obligations to Hoofddorp, as the exclusive means to repatriate cash currently held by CHC Mozambique that would otherwise be unavailable to the overall CHC enterprise.

A. The Relief Requested in the Cash Management Motion Is Necessary

104. I believe that the Debtors' Cash Management System constitutes an ordinary course, essential business practice providing significant benefits to the Debtors, including the ability to: (i) control corporate funds; (ii) ensure the availability of funds when necessary; (iii) manage cross-currency transactions; and (iii) reduce costs and administrative expenses by facilitating the movement of funds and the development of more timely and accurate account balance information. Any disruption of the Cash Management System could have a severe and adverse impact upon the Debtors' reorganization efforts and, as noted above, on the day-to-day business operations of the Debtors and Non-Debtor Affiliates. I believe that

continuing the Cash Management System is vital to continued operation of CHC's business and the efficient and economic administration of these Chapter 11 Cases. As a practical matter, because of CHC's corporate and financial structure, which includes 81 entities operating in every continent except Antarctica – I believe that it would be extremely difficult and expensive to establish and maintain a separate cash management system for each Debtor and Non-Debtor Affiliate. As discussed above, CHC's existing Cash Management System efficiently collects, disburses, and tracks the movement of funds through CHC's existing Bank Accounts. Consequently, I believe that maintaining this system is essential to CHC's operations and will allow all parties in interest, including the U.S. Trustee, to monitor the Debtors' use of cash to ensure compliance with this Court's orders and the provision of the Bankruptcy Code.

105. I believe that continued use of the Cash Management System is also essential to ensure continued access to revenue generated by operations, which originates at the Revenue Generating Entities but is attributable to services provided by numerous CHC affiliates, for the benefit of the CHC enterprise as a whole. By the Cash Management Motion, the Debtors are also requesting authority to allow Cayman Investments I to continue funding, making payments on behalf of, and borrowing from, both the Debtor and Non-Debtor Affiliate participants in the Cash Management System in the ordinary course of business pursuant to the terms of the Intercompany Netting Agreement. In addition, the Debtors are requesting authority to allow the rest of the Debtors to continue making intercompany transfers to, and borrowing from, Cayman Investments I. Recognizing the need to protect each Debtors' respective creditors, the Debtors are requesting that the Court grant all postpetition Intercompany Claims against Debtor entities, including Cayman Investments I, administrative expense priority.

106. I understand that the Debtors have a responsibility to maximize the value of their assets, for the benefit of creditors and other stakeholders. Accomplishing this requires,

among other things, maintaining the ability to support and fund the operations of the Debtors and the Non-Debtor Affiliates where (and only where) the Debtors, in the exercise of their business judgment, determine that doing so preserves value for the benefit of the estates and the Debtors' creditors. I understand that, if CHC Cayman Investments I were to stop making transfers to the entities throughout the CHC enterprise that rely on its funding from time to time, a group that includes both Debtors and certain Non-Debtor Affiliates, it would have an immediate and significant adverse effect on both the Debtors and the CHC enterprise as a whole. Not only would this diminish the value of the Debtors' estates through a reduction in the value of the Debtors' interest in such affiliates, but also it would have an immediate and potentially irreparable impact on the operations of the Debtors themselves. For example, I have been informed that failure to provide funding to the Service Companies, which serve critical roles in the Debtors' businesses, would cause such entities to cease providing intercompany services, forcing many of the Debtors' operations to grind to a halt. The relationship is one of mutual dependency. In addition, if postpetition funding needs are not honored, CHC affiliates would be forced to institute their own, separate and new cash management structures in order to continue operating on a go-forward basis. I believe that such a project, instituted on an emergency basis, would be time consuming and costly, and would preclude the Debtors and the Non-Debtor Affiliates from accessing the efficiencies and cost benefits that a centralized cash management system allows them to achieve.

107. I understand that certain Debtors and Non-Debtor Affiliates within the CHC enterprise are net users of cash. Continuing to fund such entities pursuant to the Cash Management System, to the extent the Debtors determine it is appropriate, represents a sound exercise of business judgment, and this Court should approve the ordinary course support of those entities implicit in the Cash Management System. Certain entities are net users of cash

because CHC has compartmentalized its business functions for efficiency and to allow CHC to scale its operations across the globe. Because of this compartmentalization, I understand that revenue generation is typically isolated from the enterprise's cost centers (*e.g.*, the Service Companies). As described above, if the Debtors did not continue to fund the Service Companies, the Revenue Generating Entities would not have the support and services necessary to carry out their day-to-day operations. I believe that allowing the Cash Management System to continue functioning in the ordinary course is an acknowledgement of the impact of CHC's segmentation on its cash flows and a recognition that the value of the CHC platform should be viewed as a whole. Further, I believe that the going concern value of the enterprise, including all of its components, is worth more than if certain of the Debtors and/or the Non-Debtor Affiliates were forced to discontinue operations, liquidate and sell their assets piecemeal.

108. I believe that due in part to global macroeconomic factors beyond CHC's control, CHC, as an overall enterprise, currently spends more cash than it generates. Furthermore, I understand that at a local level, CHC is also exposed to the microeconomic climate of each region and country in which it operates. CHC management has undertaken a careful analysis of each market, and has determined, based on conservative assumptions, that certain business lines and regional operations, are worth maintaining – even if they are expected to generate losses in the near term. I believe that these investments in the future represent an important part of the going concern value of the CHC enterprise. Consequently, for all of the reasons outlined above, I believe that CHC Cayman Investments I should be permitted to continue supporting all entities, including the net users of cash throughout the CHC enterprise, and net producers of cash throughout the Cash Management System should be permitted to continue making intercompany transfers to Cayman Investments I in the ordinary course of business.

109. I have been informed that the Debtors will continue to maintain records of all receipts, disbursements, and transfers within the Cash Management System. In this way, all transfers and transactions will be properly documented, and accurate Intercompany Balances will be maintained. As a result, I understand that the Debtors will be able to accurately record the transactions within the Cash Management System, including Intercompany Balances, for the benefit of all parties in interest. Creditors of the Debtors will be protected by the fact that the relative contribution of the Debtor against which they have a claim, regardless of whether that Debtor is a net contributor or net user of cash, will be tracked by way of the Intercompany Balances such contributions or borrowings will generate. Further, if the relief requested in the Cash Management Motion is granted, postpetition Intercompany Claims against Debtors, including the Intercompany Balance attributable to any one Debtor, will be accorded administrative expense priority.

110. Based on the foregoing, I believe that authorizing the Debtors to maintain the Cash Management System will support the ongoing operations of the Debtors and the Non-Debtor Affiliates in an efficient, cost-effective, and orderly manner that will preserve the value of the enterprise and the Debtors' estates, for the benefit and protection of creditors and other parties in interest. Accordingly, I believe that continuation of the Cash Management System is in the best interests of the Debtors' estates and all parties in interest, and the relief requested herein should be approved.

111. I have been informed that the Cash Management System is similar to those commonly employed by other large corporate enterprises, in which Intercompany Transactions are tracked as Intercompany Claims. In the ordinary course operation of the Cash Management System, funds generated by the Revenue Generating Entities, both Debtors and Non-Debtor Affiliates alike, flow into the Main Operating Accounts held by Cayman Investments I, a Debtor.

Cayman Investments I then makes payments on behalf of both Debtor and Non-Debtor Affiliate entities to third parties and affiliated Service Companies if their revenue falls short of expenses, all of which generates Intercompany Claims. Consequently, at any point in time, I understand that there may be outstanding amounts due and owing among the various Debtors and the Non-Debtor Affiliates, all of which are recorded and documented as Intercompany Transactions and can be accurately tracked.

112. The Intercompany Transactions are not just a matter of ordinary course in the Debtors' businesses: they are the sorts of transactions that are common among many business enterprises that operate with a centralized cash management system through multiple affiliates. Yet, precisely because of their routine nature, I believe that the Intercompany Transactions, including the ability to fund the Service Companies that provide valuable goods and services to the Revenue Generating Entities, are integral to the Debtors' ability to operate their businesses and successfully emerge from chapter 11. Accordingly, out of an abundance of caution, the Debtors request by the Cash Management Motion express authority to engage in such transactions postpetition.

113. To ensure that each individual entity will not, at the expense of its creditors, fund the operations of an affiliated Debtor, I understand that the Debtors have requested that all Intercompany Claims against Debtors arising after the Petition Date in the ordinary course of business, including, without limitation, the Intercompany Balances, be afforded administrative expense priority. I also understand that, absent an order of this Court directing otherwise, prepetition Intercompany Claims will be frozen.

114. I have been informed that the U.S. Trustee's "Guidelines for Chapter 11 Debtors-in Possession" (the "**Guidelines**") mandate the closure of a debtor's prepetition bank accounts, the opening of new accounts, including special accounts for the payment of taxes and

segregation of cash collateral, and the immediate printing of new checks. I believe that if the Debtors were required to comply with these Guidelines, their operations would be severely harmed by the disruption, confusion, delay, and cost that would result from the closure of existing Bank Accounts, the opening of new accounts, and the immediate printing of new checks. I have been informed that these requirements are designed to establish a clear line of demarcation between prepetition and postpetition claims and payments, and to help protect against a debtor's inadvertent payment of prepetition claims by preventing banks from honoring checks drawn before the commencement of the debtor's Chapter 11 Cases. I believe that the Debotrs are still able to accomplish these goals by training their employees, implementing rigorous controls over the postpetition use of funds, and by carefully tracking all transactions in the Cash Management System.

115. I believe that in these Chapter 11 Cases, strict enforcement of the Guidelines would severely disrupt the Debtors' ordinary financial operations by reducing efficiencies, increasing administrative burdens, and creating unnecessary expenses. I understand that the Debtors maintain 230 Bank Accounts. If the Debtors were required to close these Bank Accounts and open new debtor in possession accounts, I believe that CHC would be forced to reconstruct the Cash Management System in its entirety. I believe that this reconstruction would be impractical and cost prohibitive in an enterprise like CHC, a business that requires multiple Bank Accounts all over the world. I believe that CHC's treasury department, including accounting and bookkeeping employees, would need to focus their efforts on immediately opening new bank accounts and working to establish proper cash flow controls, thereby diverting them from their daily responsibilities during this critical juncture of the Debtors' Chapter 11 Cases. I believe that many accounts could not be replaced in time to effectively continue the Debtors' businesses. Even if they could, I believe that the opening of new bank accounts would

increase operating costs, and the delays that would result from opening new accounts, revising cash management procedures, and redirecting payments would negatively impact the Debtors' ability to operate their businesses while establishing these new arrangements. I believe that this would further exacerbate the risk to the Debtors' businesses caused by these Chapter 11 Cases, in particular given their foreign customers and foreign suppliers who are unfamiliar with chapter 11.

116. I believe that the Debtors' transition to chapter 11 will be significantly smoother and more orderly, with minimum disruption and harm to CHC's global operations, if the Bank Accounts are continued following the Petition Date with the same account numbers. By preserving business continuity and avoiding the disruption and delay to the Debtors' collection and disbursement procedures that would necessarily result from closing the Bank Accounts and opening new accounts, all parties in interest, including employees, vendors, customers, and creditors will be best served. I believe that the confusion that would otherwise result, absent the relief requested herein, would ill-serve the Debtors' rehabilitative efforts. Accordingly, by the Cash Management Motion, the Debtors have requested authority to maintain the Bank Accounts in the ordinary course of business.

117. The payment of any Bank Account maintenance, administrative, use, and other fees (the "**Bank Fees**"), including those incurred prepetition, is also warranted. I understand that CHC's banks automatically debit the Bank Accounts periodically for Bank Fees incurred in connection with the Cash Management System. I have been informed that CHC's average Bank Fees are approximately $100,000 per month. I understand that the Bank Fees vary depending upon several factors, including the balances in the Bank Accounts and the number and type of transactions that are requested. I have been informed that the Debtors' Banks may hold setoff rights and therefore may be entitled to automatically debit the Bank Accounts for amounts

owed by the Debtors in connection with maintaining the Cash Management System. 50
Consequently, I believe that payment of prepetition Bank Fees is only a matter of timing, will prevent any disruption to the Cash Management System, is in the best interests of the Debtors and their estates, and will not negatively affect Unsecured Creditors.

118. I have been informed that, in the ordinary course of business, the Debtors conduct transactions by debit, wire, ACH, EFT, and other similar methods. A large percentage of the Debtors' customers pay them through ACH, EFT, or wire transfer, and the Debtors pay a majority of their third-party vendors and service providers through ACH, EFT, or wire transfer. Accordingly, to avoid any disruption or claims against the Debtors, by way of the Cash Management Motion, the Debtors are seeking to continue their prepetition debit, wire, ACH, and EFT practices during these Chapter 11 Cases.

119. Although the Debtors request in the Cash Management Motion that they be allowed to maintain their prepetition Bank Accounts, the Banks at which such accounts are kept must adhere to certain guidelines. Specifically, the Debtors have requested that unless otherwise ordered by this Court, no Bank be permitted to honor or pay any check issued on account of a prepetition claim. The Debtors have also requested that the Banks may honor any checks issued on account of prepetition claims where this Court has specifically authorized such checks to be honored. Furthermore, the Debtors request that the Banks be authorized to accept and honor all representations from the Debtors as to which checks should be honored or dishonored consistent with any order(s) of this Court, whether or not the checks are dated prior to, on, or subsequent to the Petition Date. By the Cash Management Motion, the Debtors have requested that the Banks not be liable to any party on account of following the Debtors' instructions or representations regarding which checks should be honored. The Debtors have requested that should any Bank honor a prepetition check, draft, wire transfer, ACH transfer,

EFT transfer, or other debit drawn on a Bank Account (a) at the direction of any of the Debtors to honor such prepetition check or item, (b) in a good faith belief that the Court has authorized such prepetition item to be honored, (c) as a result of an innocent mistake made despite the implementation of customary item handling procedures, or (d) consistent with its past practices under the Cash Management System, such Bank shall not be deemed to be, nor shall be, liable to the Debtors or their estates or otherwise in violation of the Interim Order or Final Order. Further, the Debtors have requested that the Banks shall have no liability for any operational processing errors that are the result of human error.

120. I believe that to minimize expenses, the Debtors should also be permitted to maintain and continue to use their business forms substantially in the forms existing immediately before the Petition Date. I understand that the Debtors issue manual checks from time to time and use a variety of business forms (including, but not limited to letterhead, purchase orders, invoices, and other business forms) in the ordinary course of their businesses (collectively, the "**Business Forms**"). I believe that strict compliance with the Guidelines, which require reprinting such documents, would increase the Debtors' expenses and would risk unnecessarily confusing the Debtors' customers, suppliers, and employees. Accordingly, I believe that it is appropriate to continue to use all Business Forms as such forms were in existence prior to the commencement of these Chapter 11 Cases, without any reference to the Debtors' current status as debtors in possession.

121. In short, I believe that any benefits of the Debtors' strict compliance with the Guidelines would be far outweighed by the resulting expense, inefficiency, and disruption to the Debtors' businesses. Accordingly, the Debtors have requested authority to maintain their Bank Accounts and Business Forms during these Chapter 11 Cases. Furthermore, the Debtors have sought a waiver of the Guidelines to the extent that requirements outlined therein otherwise

conflict with (i) the Debtors' existing practices under the Cash Management System, or (ii) any action taken by the Debtors in accordance with the Interim Order or the Final Order, or any other order entered in these cases.

122. I have been informed that section 345(a) of the Bankruptcy Code governs a debtor's deposit and investment of cash during its chapter 11 case and authorizes such deposits or investments as will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment. Further, I understand that for deposits or investments that are not insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States, section 345(b) of the Bankruptcy Code requires that the debtor obtain from the entity with which the money is deposited or invested a bond in favor of the United States that is secured by the undertaking of an adequate corporate surety unless the court for cause orders otherwise.

123. I have been informed that many of the Bank Accounts are maintained at banks that have been approved by the U.S. Trustee as authorized depositories ("**Authorized Depositories**"). Accordingly, I believe that any funds that are deposited in these accounts are secure.

124. To the extent the Debtors hold Bank Accounts at non-Authorized Depositories (the "**Non-Approved Bank Accounts**"), the Debtors have proposed to engage in discussions with the U.S. Trustee to determine what modifications to such Non-Approved Bank Accounts, if any, are necessary under the circumstances. To enable such discussions, if they become necessary, the Debtors have requested a 45-day extension (or such additional time to which the U.S. Trustee may agree or the court may order) of the time period in which to come into compliance with section 345(b) of the Bankruptcy Code, to make other arrangements that would be acceptable to the U.S. Trustee, or to seek relief from this Court.

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125. I believe that in Chapter 11 Cases such as these, strict adherence to the requirements of section 345(b) of the Bankruptcy Code would be inconsistent with the value-maximizing purpose of chapter 11 by unduly hampering a debtor's ability under section 345(a) to invest money such as will yield the maximum reasonable net return on such money. I have been informed that Congress amended section 345(b) to provide that its strict investment requirements may be waived or modified if the court so orders for cause. I believe that there is cause to warrant a waiver of the requirements of section 345(b) because, among other things: (i) all or nearly all of the Debtors' Banks holding significant balances are highly rated, reputable banks that are typically subject to supervision by national banking regulators; (ii) the Debtors retain the right to close accounts with the Banks and establish new bank accounts as needed; (iii) the cost associated with satisfying the requirements of section 345(b) is needlessly burdensome to the Debtors and their estates; and (iv) the process of satisfying such requirements would lead to needless inconvenience and inefficiencies in the management of the Debtors' businesses. I believe that the benefits of a waiver would far outweigh any potential harm to the estates from noncompliance with section 345(b). I understand that the international nature of the Debtors' businesses requires bank accounts in multiple jurisdictions across the globe. Moreover, I believe that a bond secured by the undertaking of a corporate surety would be prohibitively expensive (if such a bond could be obtained at all). I have been informed that the Debtors intend to be in chapter 11 only a short period of time, and the costs of disruption to the businesses by having to close dozens of accounts far outweighs the risks of the Debtors continuing to maintain their historic Bank Accounts for the short period of time they remain in chapter 11. Furthermore, I have been informed that, based on the company's past experience opening new bank accounts, it would take months to create a new suite of bank accounts to service their businesses. Accordingly, I believe that the Court should grant a temporary extension of 45 days for the

Debtors to comply with the requirements of section 345(b) with respect to any Non-Approved Bank Accounts. During that 45 day period (the "**Extension Period**), I understand that the Debtors propose to conference with the U.S. Trustee and identify certain accounts for which the Court will be asked to waive the requirements of section 345(b) in these Chapter 11 Cases. I have been informed that on or before the expiry of the Extension Period, the Debtors propose to (i) seek an additional extension of time, if necessary, to comply with the requirements of section 345(b) with respect to certain Bank Accounts, or (ii) request that the Court rule upon a waiver of the requirements of section 345(b) with respect to certain Bank Accounts (the Debtors to endeavor to conference in good faith with the U.S. Trustee to consensually agree upon the identity of such accounts).

126. As described above, the Debtors have a unique cash situation with respect to their Mozambique branch. By the Cash Management Motion, the Debtors are seeking authority, on a final basis only, to permit CHC Mozambique to satisfy its prepetition obligations to Hoofddorp to repatriate the approximately $1,3000,000 held by CHC Mozambique that otherwise would be unavailable to the overall CHC enterprise. I also understand that the Debtors also intend and seek authority to continue repatriating revenue earned in Mozambique in the ordinary course of business. I have been informed that the Debtors' requested transfer will satisfy a prepetition intercompany claim between Go Canada (via CHC Mozambique) and Hoofddorp. To avoid prejudicing the creditors of GO Canada by depriving GO Canada of the Mozambique Funds, the Debtors have proposed to effect a simultaneous transfer of an amount equal to the Mozambique Funds from Hoofddorp to GO Canada (the "**Mozambique Settlement**"). To further avoid upsetting the relative prepetition position of the creditors at Hoofddorp and GO Canada, the Debtors have requested that the Court enter an order that the Mozambique Settlement be stripped of the administrative priority it otherwise would be

accorded, and that the corresponding intercompany obligation owed by GO Canada to Hoofddorp be accorded the same priority as the prepetition claim owed by GO Canada to Hoofddorp. I believe that the requested relief is in the best interests of the Debtors, their estates and all parties in interest because it will free up approximately $1,3000,000 of liquidity for use by the overall CHC enterprise that otherwise would remain trapped in Mozambique.

127. For the foregoing reasons, I believe that granting the relief requested in the Cash Management Motion is appropriate, entirely consistent with the rehabilitative purpose of chapter 11, and in the best interests of the Debtors' estates and creditors.

G. Cash Collateral Motion

MOTION OF DEBTORS FOR INTERIM AND FINAL ORDERS (I) AUTHORIZING THE DEBTORS TO UTILIZE CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTIES PURSUANT TO SECTIONS 105, 361, 362, 363, AND 507 OF THE BANKRUPTCY CODE; AND (III) SCHEDULING FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001(b)

128. Pursuant to the Cash Collateral Motion, the Debtors request entry of an interim order (i) authorizing the Debtors to use cash collateral and (ii) granting adequate protection to the certain Prepetition Secured Parties (as defined in the motion) on the terms and conditions set forth in the proposed interim order. The Debtors also request a final hearing to consider the relief requested in the motion.

129. The proposed Cash Collateral the Debtors seek to use consists of proceeds or products of Prepetition Collateral or cash subject to the Prepetition Secured Parties' rights of setoff, if any. The Debtors require authorization to use Cash Collateral to maintain their existing cash management system, which includes the pooling of Cash Collateral and Unencumbered Cash. Without this authorization, the Debtors would not be able to access their cash management system and provide sufficient working capital to carry on the operation of their

businesses. This outcome could have disastrous effects on their business causing immediate and irreparable harm to the Debtors, their respective estates, and their creditors.

130. The Debtors seek authority to use Cash Collateral until such time as the Court holds a final hearing on the motion. During the interim period, the Debtors will fund operations in accordance with the forecast (as may be revised from time to time at the sole discretion of the Debtors, the "**Forecast**"), which sets forth all projected cash receipts and cash disbursements on a weekly basis over a 4-week period.[9] I worked with the Debtors and a team from Seabury Group to formulate the Forecast, which includes reasonable and foreseeable expenses to be incurred, and the costs of administering the Chapter 11 Cases during, the applicable period.

131. To protect the Prepetition Secured Parties to the extent of any aggregate diminution in value of the Prepetition Collateral resulting from the use of Cash Collateral, the Debtors propose to provide various forms of adequate protection detailed in the proposed interim order to the motion. The proposed adequate protection includes a first priority lien on, and security interest in certain unencumbered property, which includes approximately $142.6 million in a Bank of America (London branch) account owned by the Debtor CHC Cayman Investments I Ltd.

132. I believe that the proposed adequate protection provides the Prepetition Secured Parties with sufficient adequate protection to protect them from any diminution in value of their interests in the Prepetition Collateral during the Chapter 11 Cases. I believe that the relief requested in the cash collateral motion is in the best interests of the Debtors, their estates, and all parties in interests and should be approved.

[9] CHC's Weekly Cash Flow Forecast is annexed hereto at **Exhibit F.**

H. Tax Motion

MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS TO PAY CERTAIN PREPETITION TAXES AND ASSESSMENTS AND (II) DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS PURSUANT TO SECTIONS 105(a), 363(b), 507(a)(8), AND 541(d) OF THE BANKRUPTCY CODE

133. Pursuant to the tax motion, the Debtors seek authority, but not direction, to satisfy all Taxes (as defined below) due and owing to various local, state and foreign taxing authorities and governmental regulatory bodies (collectively, the "**Taxing Authorities**") that arose prior to the Petition Date (as defined below), including all Taxes subsequently determined by audit or otherwise to be owed for periods prior the Petition Date. In the ordinary course of their businesses, the Debtors collect, remit, withhold, and pay certain sales, property, and foreign taxes, and also incur certain regulatory assessments and other charges.

134. **Sales Taxes**. As described more fully in the tax motion, the Debtors are required to collect sales taxes from certain customers on behalf of the applicable Taxing Authorities. The Debtors then remit these collected sales taxes to the relevant Taxing Authorities according to the requirements of such authorities. The Debtors also self-assess import sales taxes on certain asset purchases and then pay such sales taxes to the applicable Taxing Authorities according to the requirements of such authorities, which depend on the timing of the asset purchase imports. The timing and frequency of remittance and payment of the sales taxes differs depending on the tax. For example, the Debtors remit collected sales taxes in California on a monthly basis and pay the self-assessed sales taxes in British Columbia, Canada on a quarterly basis. I have been informed that the Debtors' owe approximately $35,000 in sales taxes in California and approximately $85,000 in sales taxes in Canada relating to periods prior to the Petition Date.

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135. **Property Taxes**. The Debtors own or lease certain real and personal properties in domestic and non-U.S. jurisdictions that are subject to local property taxes. The Debtors pay property taxes in numerous locations, including, but not limited to, Canada, Ireland, the Netherlands, Norway, and the United Kingdom. The property taxes are generally assessed in estimated amounts once per year, although certain property taxes are assessed more frequently on a monthly or semi-annual basis. I have been informed that the Debtors' owe approximately $50,000 in property taxes relating to periods prior to the Petition Date, which the Debtors believe is due and payable in the next thirty (30) days.

136. **Foreign Taxes**. In connection with its foreign operations, the Debtors withhold and incur certain corporate income taxes, withholding taxes, customs taxes, value-added taxes, goods and services taxes, and other business taxes, and are obligated to timely collect, withhold, and remit the foreign taxes to various foreign Taxing Authorities. For instance, the Debtors incur corporate income taxes in jurisdictions including, but not limited to, Equatorial Guinea, Kazakhstan, Barbados, Luxembourg, and Ireland, business withholding taxes in jurisdictions including, but not limited to, Canada and Equatorial Guinea, and value-added taxes or goods and services taxes in jurisdictions including, but not limited to, Ireland, the United Kingdom, Canada, and the Netherlands. The timing and frequency of payment of the foreign taxes differs depending on the tax, ranging from monthly, to quarterly, to annually or with variant timing, depending upon assessment by the Taxing Authority. The Debtors estimate that they owe approximately $8,100,000 in Foreign Taxes relating to periods prior to the Petition Date, approximately $6,700,000 of which the Debtors estimate is due and payable in the next thirty (30) days. Additionally, certain of the foreign countries in which the Debtors operate require a tax paying entity to pay a security deposit or provide a bank guarantee for certain taxes. For instance, the Debtors have paid a goods and services tax security deposit of

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approximately $300,000 with the Canadian Revenue Agency. This amount is adjusted up or down at the request of the Canadian Revenue Agency depending on the Debtors' import activity into Canada. Additionally, the Debtors have certain bank guarantees in the form of letters of credit posted by banks for approximately $225,000 the United Kingdom relating to the importation of goods. These bank guarantees represent security placed with the customs authorities in order to defer the payment of import value-added taxes and customs duties. The bank guarantees are posted once based on the estimated monthly value of imports and adjusted if import volume increases or decreases. Currently the Debtors have no additional deposit amounts or bank guarantees they are obligated to post.

137. Regulatory Assessments and Other Miscellaneous Payments. The Debtors incur, in the ordinary course of business, certain regulatory assessments, permitting fees, licensing and registration fees, levies, and other miscellaneous obligations to governmental authorities (collectively, the "**Regulatory Assessments**" and, collectively with the sales taxes, the property taxes, and the foreign taxes, the "**Taxes**") to governmental regulatory bodies (the "**Regulatory Bodies**"). The continued payment of these regulatory assessments, including any amounts due and owing on account of prepetition regulatory assessments, are necessary to satisfy business licensing requirements to conduct business in various jurisdictions and to operate at various airports. I have been informed that the Debtors' owe approximately $100,000 in Regulatory Assessments relating to the period prior to the Petition Date, which the Debtors believe is due and payable in the next thirty (30) days.

138. I understand that ample reasons exist to authorize the payment of the prepetition Taxes, including, among other things, that (i) the failure to pay the prepetition Taxes may interfere with the Debtors' continued operations and successful reorganization efforts; (ii) certain of the prepetition Taxes may not be property of the Debtors' estates; (iii) the failure to

pay prepetition Property Taxes and Foreign Taxes may increase the scope of secured and priority claims held by the applicable Taxing Authorities against the Debtors' estates; (iv) the payment of prepetition Taxes affects only the timing of payments as most, if not all, of the Taxes are afforded priority status under the Bankruptcy Code; and (v) the Court has authority to grant the requested relief under sections 105(a) and 363(b) of the Bankruptcy Code.

139. In summary, as of the Petition Date, the Debtors estimate that approximately $120,000 in Sales Taxes, $50,000 in Property Taxes, $8,100,000 in Foreign Taxes, and $100,000 in Regulatory Assessments are due and owing to the Taxing Authorities and Regulatory Bodies relating to periods prior to the Petition Date. I have been informed that approximately $50,000 of the Property Taxes, $6,700,000 of the Foreign Taxes, and $100,000 of the Regulatory Assessments are due and payable in the next thirty (30) days.

140. Based on the foregoing, I believe that the relief requested in the tax motion is in the best interests of the Debtors, their estates and all parties in interest and should be granted.

I. Employee Wages and Benefits Motion (the "Wages Motion")

MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS TO PAY (A) CERTAIN EMPLOYEE OBLIGATIONS AND (B) PREPETITION CLAIMS OF INDEPENDENT CONTRACTORS AND (II) DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS PURSUANT TO SECTIONS 105(A), 363(B), AND 507(A) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 AND 6004

141. Pursuant to the Wages Motion, the Debtors seek authorization, but not direction, to pay their current employees and independent contractors for work performed prepetition, to honor certain other prepetition employee-related obligations and benefits, and to continue paying their employee and independent contractor obligations in the ordinary course of the Debtors' business. The Debtors also seek modification of the automatic stay with respect to

employees' claims and payments due under the various workers compensation programs. In addition, the Debtors seek authorization for applicable banks to receive, process, honor, and pay any and all checks and electronic funds transfers related to any of the employee and independent contractor obligations.

Employee Obligations

142. For purposes of the Wages Motion, the term "**Employees**" includes all persons, as of the Petition Date, entitled to compensation, benefits, reimbursement, or any other similar payment as a consequence of being employed by the Debtors and does not include independent contractors. I have been advised that, as of the Petition Date, the Debtors employ approximately 1,790 Employees through thirteen (13) separate legal entities (collectively, the "**CHC Employers**")[10] across 20 different countries.[11] The Debtors' Employees only account for a portion of CHC's total workforce, with the remainder of the workforce—approximately 2,000 employees—being employed by Non-Debtor Affiliates. Of the Debtors' total 1,790 Employees, approximately 1,740 are full-time Employees and 50 are part-time Employees.[12] Included among these Employees are the Debtors' global touring crew (pilots and engineers that are seconded to various operating jurisdictions), domestic aircrew, mechanics, engineers, and

[10] These entities are CHC Group Ltd., CHC Helicopter S.A., CHC Global Operations (2008) ULC, CHC Global Operations Canada (2008) ULC, CHC Global Operations International ULC, Lloyd Helicopters Pty. Ltd., CHC Helicopters (Barbados) SRL, CHC Hoofddorp B.V., CHC Leasing (Ireland) Limited, Heli-One (Netherlands) B.V., Heli-One (Norway) AS, Heli-One (UK) Limited, and Heli-One Canada ULC.

[11] These countries are Australia, Barbados, Brazil, Canada, Equatorial Guinea, Gabon, Ireland, Kazakhstan, Luxembourg, Malaysia, Mexico, Mozambique, Netherlands, Nigeria, Norway, Romania, Thailand, Timor-Leste, the United Kingdom, and Uruguay. Employees based in several of these counties are part of the touring crew employed by two Canadian Debtors: CHC Global Operations (2008) ULC and CHC Global Operations International ULC.

[12] The 50 part-time Employees include "casual employees" as designated in Australia. A casual employee is one who has no guaranteed hours of work and often works at irregular hours, but at higher hourly pay rates than other Employees.

warehousemen, as well as corporate employees in the executive office, finance, information technology, and human resources departments, and various operations personnel. 62

143. As of the Petition Date, approximately 1,020 of the Debtors' Employees are members of unions (the "**Union Employees**") whose employment agreements and benefits are governed by collective labor agreements (the "**CLAs**"). The unions include, among others, the British Air Line Pilots Association, Unite the Union, the Office and Professional Employees International Union, the Global Helicopter Pilots Association, the Transport Workers' Union, the Australian Federation of Air Pilots, the Australian Licensed Aircraft Engineers' Association, and the Australian Manufacturing Workers' Union. The majority of Union Employees are based in Australia and Norway, while the remaining Union Employees are dispersed throughout various of the Debtors' operating jurisdictions depending upon the relevant Employees' assignments. The Union Employees predominantly function in service operation roles, serving as captains, first officers, and other aircrew, as well as engineers, technicians, and ground crew.

144. I understand that the Debtors have dedicated enormous effort into recruiting and maintaining this team of experienced, motivated, and invaluable Employees—many of whom are specialists in the global commercial helicopter service industry. In addition to holding a deep understanding of the Debtors' detailed business practices and policies, many have specific skill sets, licenses, and expertise critical to the Debtors' operations.

145. **Compensation Obligations**. The Debtors typically pay obligations relating to Employee wages and salary (the "**Wage Obligations**") on a monthly, semimonthly, or biweekly basis, varying based upon the country in which a given Employee works (the "**Work Country**") as well as Employee classification. Wage Obligations are paid in several currencies

in accordance with the relevant Work Country.[13] Employees are typically paid through a fixed compensation schedule, with certain variable compensation elements, such as country-specific allowances.

146. The Debtors estimate their average gross monthly payroll (the "**Monthly Payroll**") to be approximately $5 million, their average gross semi-monthly payroll (the "**Semi-Monthly Payroll**") to be approximately $3.5 million, and their average gross bi-weekly payroll (the "**Bi-Weekly Payroll**") to be approximately $4 million. The Debtors' last Monthly Payroll Semi-Monthly Payroll, and Bi-Weekly Payroll were each made on April 29, 2016. The Debtors estimate that as of the Petition Date, there are approximately $5 million of accrued and outstanding Wage Obligations. I have been advised that the Debtors do not believe that any of the Employees are owed prepetition Wage Obligations in an amount exceeding the $12,850 priority cap imposed by section 507(a)(4) of the Bankruptcy Code (the "**Priority Wage Cap**").

147. Certain sales Employees are entitled to wages based upon a sales commissions program. Wages paid through this program (the "**Commission Wages**") are paid on a quarterly basis. I have been advised that, as of the Petition Date, the Debtors owe approximately $25,000 on account of Commission Wages, and do not believe that any of the Employees are owed Commission Wages in an amount exceeding the Priority Wage Cap.

148. CHC Group, one of the CHC Employers, employs certain of the U.S.-based executive-level Employees (the "**Executives**"). I understand that although these Executives have employment agreements with CHC Group, the Executives receive payroll from CHC Helicopter Support Services (US) Inc. ("**CHC Support Services**"), a Non-Debtor Affiliate. Periodically, CHC Support Services is reimbursed for the Executives' payroll through

[13] All amounts stated herein denominated in currencies other than United States dollars have been stated in their United States dollar equivalents.

intercompany service fees (the "**Executive Service Fees**" and, collectively with the Wage Obligations and Commission Wages, the "**Compensation Obligations**") charged in accordance with an intercompany service agreement across several CHC entities, including certain Debtors as well as Non-Debtor Affiliates. During these Chapter 11 Cases, the Executives will continue to be paid by CHC Support Services their respective Executive Service Fees, which include the U.S. Executive payroll costs, in accordance with the service agreements in the ordinary course of business.

149. **Payroll Taxes and Deductions**. In various jurisdictions, the CHC Employers are required by law to withhold amounts from the Compensation Obligations related to income taxes, healthcare taxes, and other social welfare benefits (collectively, the "**Withholding Taxes**") and to remit the same and certain other amounts to the appropriate taxing authorities (collectively, the "**Taxing Authorities**") according to schedules established by such Taxing Authorities. Additionally, where certain Employees are residents of one jurisdiction while working in another, the CHC Employers are required to remit a separate payment on account of certain foreign taxes, which are not withheld from Employees' wages (the "**Foreign Wage Taxes**"). I have been advised that there is approximately $5 million remain outstanding on account of prepetition Foreign Wage Taxes.

150. In certain circumstances, the CHC Employers are also required to make additional payments from their own funds in connection with the Withholding Taxes (collectively, the "**Contribution Taxes**" and, together with the Withholding Taxes and the Foreign Wage Taxes, the "**Payroll Taxes**"). In the aggregate, the Payroll Taxes, including both the Employee and CHC Employer portions, total approximately $2 million for the Monthly Payroll, $1 million for the Semi-Monthly Payroll, and $1.5 million for the Bi-Weekly Payroll. I

have been advised that, as of the Petition Date, the Debtors estimate that they owe approximately $15 million on account of prepetition Payroll Taxes.

151. The CHC Employers, either directly or through professional employer organizations (the "**PEOs**"), also withhold other amounts from certain Employees' paychecks related to various Retirement Plans and other Employee Benefits (each defined below), loan repayments, and union deductions (collectively the "**Deductions**" and, together with the Payroll Taxes, the "**Payroll Taxes and Deductions**"). I have been advised that, as of the Petition Date, the Debtors estimate that they owe approximately $4 million on account of prepetition Deductions.

152. **Expense Reimbursements**. In the ordinary course of business, certain Employees incur expenses in connection with their employment duties, such as travel and meal expenses. Such expenses incurred in the course of their employment and in furtherance of the Debtors' businesses are reimbursed by the CHC Employers (the "**Expense Reimbursements**") through an automated system. Upon approval by the respective CHC Employers, the Employees receive the Expense Reimbursements as part of their next scheduled paycheck.

153. Because of the irregular nature of requests for Expense Reimbursements, it is difficult to determine the amount of Expense Reimbursements outstanding at any given time. The Debtors, however, estimate that Expense Reimbursements average approximately $500,000 per month, and based on that estimate, approximately $500,000 in accrued Expense Reimbursements remain outstanding as of the Petition Date.

154. **PEOs**. In every jurisdiction other than Equatorial Guinea,[14] the Debtors engage PEOs to help administer many of their human resources functions, including calculating

[14] CHC Global Operations administers payroll in-house for these Employees.

and remitting payments related to payroll and benefits. The CHC Employers employ different PEOs in different countries in accordance with the following table:

PEO(s)	Work Country
ADP, United Tax Network, Solutions Aberdeen, CIPP, Anderson Anderson Brown	Australia, Canada, Netherlands, Norway,[15] Kazakhstan, United Kingdom
Activ Payroll	Ireland
Konnettko	Timor-Leste

155. I understand that the PEOs facilitate the administration of payroll and other benefits for the CHC Employers and their Employees. Different CHC Employers contract with different PEOs, and the scope of services provided varies from contract to contract (each a "**PEO Agreement**"). I understand that in each instance, the CHC Employers pay monthly service fees to the PEOs (the "**PEO Fees**"), or the same are withdrawn from payroll.

156. Under the agreements between the PEOs and the CHC Employers in Canada, Timor-Leste, the Netherlands, Ireland, and the United Kingdom, the PEOs administer payroll to the Employees, calculate any relevant withholdings, and remit those withholdings to the appropriate parties. To facilitate payments of the Employee Obligations, the Debtors advance funds from the Banks to the PEOs approximately 2–3 days prior to the Debtors' regularly scheduled payroll. Subsequently, the PEOs make payments to (i) the Employees, (ii) the Taxing Authorities, and (iii) to certain Benefits Providers (as defined below)

157. By contrast, under the PEO Agreements with the CHC Employers in Australia, Norway, and Kazakhstan, the PEOs simply calculate the payroll and withholding amounts for the CHC Employers. The CHC Employers then provide direct payments to the Employees, Taxing Authorities, and Benefits Providers and remit withholdings as appropriate.

[15] ADP subcontracts the payroll service functions to Blue Garden for CHC Employers in Norway.

158. Additionally, pursuant to the PEO Agreement with CHC Helicopter S.A., ADP provides services both to certain CHC Employers[16] and to certain Non-Debtor Affiliates. Under this agreement, the CHC Employers pay the entirety of the PEO Fees and book intercompany claims against the Non-Debtor Affiliates for their proportional usage.

159. The Debtors pay approximately $60,000 per month in aggregate PEO Fees, including the portion owed by Non-Debtor Affiliates through intercompany claims. As of the Petition Date, the Debtors owe approximately $100,000 on account of prepetition PEO Fees in the ordinary course of business.

160. **Employee Benefit Plans**. The CHC Employers have established certain benefit plans and policies for their Employees, pursuant to which Employees receive Health Benefits, Risk and Disability Insurance, Retirement Plans, Workers Compensation, PTO Benefits, and Other Benefits (each as defined below, and collectively, the "**Employee Benefits**"). The Employee Benefits are administered by several different providers (collectively the "**Benefits Providers**"), depending upon the benefit and the respective CHC Employer. Included among the Benefits Providers is CHC Reinsurance, S.A. ("**CHC Reinsurance**")—a captive reinsurance company and wholly-owned Non-Debtor Affiliate that provides Health Benefits and Risk and Disability Insurance, among other types of insurance. To comply with regulations in various jurisdictions, however, CHC Reinsurance funds the Employee Benefits using third-party pass-through insurers who charge fees for their services (the "**Service Fees**").

161. Each Benefits Provider charges the CHC Employers either an annual or a monthly premium for the provision of the Employee Benefits. These premiums are either wholly or partially covered by the CHC Employers. Where the CHC Employers fund only a portion of these premiums, covered Employees contribute their pro rata portion of the remainder, which is

[16] These are Lloyd Helicopters Pty. Ltd., CHC Hoofddorp B.V., and Heli-One (Netherlands) B.V.

withheld from these Employees' paychecks. As set forth in more detail below, the Debtors estimate that, on average, a total of approximately $1.9 million is due each month, in addition to $3.5 million in annual payments, from the CHC Employers on account of the Employee Benefits premiums.

162. Medical and Dental Benefits. The CHC Employers administer the following medical and dental plans (the "**Health Benefits**") to eligible Employees:

CHC Employer(s)	Type of Benefits	Benefits Provider	Employer Contribution
Lloyd Helicopters Pty. Ltd.	Travel Medical[17]	Chubb	100%
CHC Helicopters (Barbados) SRL	Medical	MSH International	100%
	Dental		
Heli-One Canada ULC	Travel Medical	SSQ	100%
	Medical	Sun Life	Up to 90%
	Dental		
CHC Global Operations (2008) ULC CHC Global Operations International ULC	Travel Medical	SSQ; MSH International	100%
	Medical	Sun Life; MSH International; Eurasia	90-100%[18]
	Dental	Sun Life; MSH International	
CHC Global Operations Canada (2008) ULC	Medical	Now Health	100%

[17] Travel Medical covers emergency health services for Employees who are working outside of their home country.

[18] These CHC Employers provide different levels of contributions for Health Benefits Premiums depending upon the type of Employee. The CHC Employers provide 100% contributions of Health Benefits for crew member Employees, and cover up to 90% of contributions to Health Benefits for non-crew member Employees.

CHC Employer(s)	Type of Benefits	Benefits Provider	Employer Contribution
CHC Leasing (Ireland) Limited	Travel Medical	CHC Reinsurance (though MSH International)	100%
	Medical	Aviva	100%
	Dental		
CHC Hoofddorp B.V. Heli-One (Netherlands) B.V.	Travel Medical	CHC Reinsurance (through MSH International)	100%
Heli-One (Norway) AS	Medical	Storebrand; BUPA; Protector	100%
Heli-One (UK) Limited	Travel Medical	CHC Reinsurance (through MSH International)	100%
	Medical	CHC Reinsurance (through BUPA)	100%
	Dental		

163. The CHC Employers pay premiums related to the Health Benefits (the "**Health Benefits Premiums**") of approximately $200,000 in the aggregate per year. The percentage of contributions made by the CHC Employers toward the Health Benefits Premiums is provided in the table above. Some Health Benefits Premiums are paid on a monthly basis, whereas others are paid annually. Of the Health Benefits paid in monthly installments, the Debtors pay approximately $5,000 per month, most of which are paid in advance. On account of the Health Benefits Premiums paid annually, the Debtors estimate that approximately $140,000 remains outstanding in prepetition obligations.

164. Additionally, the CHC Employers maintain certain "pay-as-you-go" Health Benefits programs, such as medical and dental coverage, whereby the Debtors bear the costs incurred by Employees who are covered by these programs. Although the costs of the pay-

as-you-go programs (the "**PAYG Costs**") are variable, the Debtors estimate that the average monthly costs incurred through these programs is approximately $350,000 and based on that estimate, approximately $350,000 of PAYG Costs remain outstanding as of the Petition Date.

165. Risk and Disability Insurance. The CHC Employers also offer Employees life, accidental death, long-term disability, and certain other risk and disability insurance benefits (collectively, "**Risk and Disability Insurance**"). Generally, CHC Employers offer market-based levels of Risk and Disability Insurance to all Employees. The extent of the Risk and Disability Insurance offered to Employees varies by CHC Employer, but each Employee has access to a similar set of benefits. For example, I understand that CHC Hoofddorp B.V. provides Employees with life and accidental death insurance, funded through CHC Reinsurance, which uses Generali Worldwide Insurance Company Limited ("**Generali**") as a pass-through insurer, pursuant to which Employees' beneficiaries are entitled to receive death benefits in an amount up to approximately $100,000. CHC Hoofddorp B.V. also offers Employees disability insurance, which covers up to 70% of salary where an Employee is fully but temporarily disabled. Pilots are also insured for a capped amount in the event of a loss of license. For example, Lloyd Helicopters Pty. Ltd. provides insurance to captains and co-pilots for up to approximately $267,000 per Employee for loss of license depending on the age of the insured when impacted. As of the Petition Date, there are no prepetition obligations owed on account of loss of license insurance.

166. In order to retain the Risk and Disability Insurance, the CHC Employers are required to pay premiums to various Benefits Providers—some on an annual basis and others in monthly installments. On average, the Debtors pay approximately $140,000 per month (in addition to a $1.5 million annual payment) on account of Risk and Disability Insurance

premiums. As of the Petition Date, the Debtors estimate they owe approximately $498,000 in prepetition Risk and Disability Insurance premiums.

167. Retirement Plans. I understand that the CHC Employers also provide certain eligible Employees with retirement benefits as described below. These retirement benefits are provided through various Defined Contribution Plans, the U.K. Pension Scheme, and the Norway Pension Scheme (each defined below, and collectively, the "**Retirement Plans**"). Certain CHC Employers participate in defined contribution retirement plans (the "**Defined Contribution Plans**") for the benefit of Employees in Australia, Canada, Ireland, the Netherlands, and the United Kingdom, as described in the table below:

CHC Employer(s)	Provider	Employer Contribution (percent of Employee salary)
Lloyd Helicopters Pty. Ltd.	Mercer	9.5%
Heli-One Canada ULC	Manulife	4%
CHC Global Operations (2008) ULC CHC Global Operations International ULC	Manulife (Registered Pension Plan) Fidelity (Group Pension Plan) Merrill Lynch (401(k))	4%
CHC Leasing (Ireland) Limited	Irish Life	6%
CHC Hoofddorp B.V. Heli-One (Netherlands) B.V.	BeFrank	Variable (by age)
Heli-One (UK) Limited	Scottish Widows	7–10%

168. The participating CHC Employers make contributions to the Defined Contribution Plans (the "**DC Employer Contributions**") at the statutorily mandated rates described above. The Debtors estimate that the aggregate cost of DC Employer Contributions is approximately $1.2 million per month, including associated administration fees paid to the

providers. As of the Petition Date, the Debtors estimate that the aggregate amount owed prepetition on account of DC Employer Contributions is approximately $410,000.

169. Certain CHC Employers[19] participate in a defined benefits pension scheme for certain Employees in the United Kingdom (the "**U.K. Pension Scheme**"). Although the U.K. Pension Scheme was closed for new accruals beginning in 2009, the CHC Employers remain obligated for previously accrued benefits. The annual deficit funding contribution into the U.K. Pension Scheme is approximately $9.3 million, payment of which is made quarterly. I have been informed that , as of the Petition Date, the technical provisions funding deficit for the U.K. Pension Scheme is approximately $65.2 million.

170. Additionally, Heli-One (Norway) AS is also party to a defined benefits pension scheme for certain Employees in Norway (the "**Norway Pension Scheme**"). In addition to providing participating retirees with retirement payments, the Norway Pension Scheme also provides such retired Employees with certain other benefits, such as spousal death benefits and long-term disability insurance. Contributions to the Norway Pension Scheme are actuarially calculated at the beginning of each fiscal year, and payments are made on a monthly basis. The estimated annual contribution into the Norway Pension Scheme for 2017 is approximately $2.8 million. As of the Petition Date, the Norway Pension Scheme is fully funded with no outstanding prepetition obligations.

171. Workers Compensation Programs. The CHC Employers also provide Employees with workers compensation and employer's liability coverage ("**Workers Compensation Programs**"). I understand that in Australia, Ireland, and the United Kingdom, Workers Compensation Programs are administered through various third-party insurers. In

[19] Debtors Heli-One (UK) Limited and Heli-One (Norway) AS are obligors under the U.K. Pension Scheme, and Debtors 6922676 Holding SARL, Capital Aviation Services B.V., CHC Helicopter Holding S.à r.l., CHC Leasing (Ireland) Limited, CHC Netherlands B.V., and Heliworld Leasing Limited are guarantors under the U.K. Pension Scheme.

Canada, Workers Compensation Programs are administered through the government. The Netherlands provides for equivalent Workers Compensation Programs benefits through other government programs such as social security, the costs of which are included in the Payroll Taxes and Deductions described above. Employees in Norway are provided with equivalent Workers Compensation Programs benefits through Risk and Disability Insurance, the costs of which are similarly captured by the $1.5 million annual payment described above. In each case, the CHC Employers are responsible for the full amount of the contributions to the Workers Compensation Programs for the benefit of Employees. For Employees in Canada, the CHC Employers pay the provincial governments for Workers Compensation Programs monthly through payroll. In all other jurisdictions, the CHC Employers pay the premiums in discrete annual payments to the respective private insurers.

172. On average, the Debtors pay approximately $18,000 per month and $2.2 million annually in the aggregate for the Workers Compensation Programs. I have been advised that, as of the Petition Date, the Debtors estimate that there is approximately $60,000 in accrued prepetition obligations related to Workers Compensation Programs.

173. **PTO Benefits**. I also understand that the CHC Employers all maintain paid time off policies for Employees (the "**PTO Benefits**"), which policies vary across CHC Employers. Typically, the PTO Benefits are comprised of vacation, holidays, parental leave, bereavement, other personal leave, long service leave, and field leave and, in most cases, with respect to accrued and unused days, the Employees are entitled either (i) to elect a cash payment for some portion of these days (the "**PTO Cash-Out Benefits**"), or (ii) to roll them into the next calendar year. I have been advised that, as of the Petition Date, there is approximately $26 million of accrued obligations related to the PTO Cash-Out Benefits.

174. **Other Benefits**. The CHC Employers also provide a range of other benefits to eligible Employees (collectively, the "**Other Benefits**"). These Other Benefits include reimbursement for domestic relocation costs, tuition reimbursement for Employees in job-related courses of study, among others. In the aggregate, the CHC Employers pay approximately $10,000 per month on account of all Other Benefits.

Independent Contractor Obligations

175. I understand that, in addition to Employees, the Debtors utilize various contractors (the "**Independent Contractors**") to perform a range of functions (including, for example, short-term projects or flexible hour tasks), each of which is necessary for the operation of the Debtors' businesses. Among other positions, the Debtors hire Independent Contractors to serve as co-pilots, technical consultants, finance analysts, and administrative support staff. As of the Petition Date, five (5) of the Debtors[20] have contracted with approximately 16 Independent Contractors, the majority of whom are based in Canada. As with Employees, the CHC Employers pay the Independent Contractors on a salary or wage basis (the "**Independent Contractor Obligations**"). I understand that certain of the Independent Contractors are contracted directly with the relevant CHC Employer and are paid through the same PEO as that employer's Employees. In other instances, the Debtors make payments to third-party placement agencies, which in turn remit wages to the Independent Contractors.

176. On average, the Debtors pay approximately $122,000 per month with respect to the Independent Contractor Obligations. I understand that the Debtors estimate that, as of the Petition Date, there are no accrued and outstanding prepetition Independent Contactor Obligations.

[20] These Debtors are CHC Hoofddorp B.V., CHC Global Operations (2008) ULC, Lloyd Helicopters Pty. Ltd., Heli-One Canada ULC, and Heli-One (Norway) AS.

177. The Independent Contractors play an important role in the Debtors' businesses. I believe that the Debtors depend upon the expertise, efficiency, and flexibility of the Independent Contractors to provide, among other things, professional services related to the maintenance and operation of their helicopters. I also understand that it would be difficult, costly, and disruptive to the Debtors' reorganization efforts if they were forced to replace their Independent Contractors, who already understand the Debtors' business practices and policies and who are familiar with the global helicopter service industry.

178. In sum, I believe that payment to the Debtors' current Employees and Independent Contractors on account of prepetition Employee Obligations and Independent Contractor Obligations is critical to the Debtors' ability to conduct their operations. I also believe that, in order to actualize an effective reorganization, it is necessary for the Debtors to continue payments on account of Employee Obligations and Independent Contractor Obligations in the ordinary course of the business.

179. Based upon the foregoing, I believe that the relief requested in the Wages Motion is in the best interests of the Debtors, their estates, and all parties in interest and should be granted.

J. **Insurance Motion**

MOTION OF DEBTORS FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS TO (A) CONTINUE THEIR INSURANCE PROGRAMS AND ARRANGEMENTS AND (B) PAY ALL UNDISPUTED OBLIGATIONS IN RESPECT THEREOF AND (II) AUTHORIZING AND DIRECTING FINANCIAL INSTITUTIONS TO HONOR AND PROCESS RELATED CHECKS AND TRANSFERS PURSUANT TO SECTIONS 105(a), 363(b), AND 503(b) **OF THE BANKRUPTCY CODE AND BANKRUPTCY RULES 6003 AND 6004**

180. By the Insurance Motion, the Debtors request (i) authority, but not direction, to (a) continue and/or renew their existing aviation, corporate, property, and other insurance policies and programs, including their Sharing Arrangements (as defined below) and

Ancillary Coverage (as defined below) (collectively, the "**Insurance Programs**") 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 postpetition obligations, thereunder (collectively, the "**Insurance Obligations**"), and (ii) that the Court authorize and direct applicable banks and financial institutions to honor and process all checks and electronic funds transfers related to the above.

181. In connection with the operation of their businesses, the Debtors maintain certain aviation, corporate, property-related, and other insurance policies and programs, obtained through agreements with their insurance brokers, Willis Towers Watson plc. ("**Willis**"), Aon plc ("**Aon**"), and First Ireland Risk Management Ltd ("**First Ireland**" and, together with Willis and Aon, the "**Insurance Brokers**") and directly from Insurance Carriers (as defined below), such as Factory Mutual Insurance Company ("**FM Global**") and Protector Forsikring ASA ("**Protector**").[21] Additionally, certain aircraft lessors (the "**Lessors**") choose to condition their financing on their ability to purchase certain ancillary insurance policies for which the Debtors must reimburse them for the premiums (the "**Ancillary Coverage**"). In addition to the relationships set forth above, the Debtors have a captive non-debtor reinsurance affiliate, CHC Reinsurance S.A. ("**CHC Reinsurance**") which provides reinsurance services to the Debtors and their non-debtor affiliates on certain of their Protector insurance policies.[22]

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[21] As described in more detail below, the Debtors purchase most of their insurance policies with Protector through an Insurance Broker, but in certain limited circumstances may purchase policies directly from Protector.

[22] As addressed separately in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing Debtors to Pay Certain (A) Employee Obligations and (B) Independent Contractor Obligations, (II) Modifying the Automatic Stay, and (III) Directing Financial Institutions to Honor and Process Checks and Transfers Related to Such Obligations Pursuant to Sections 105(a), 363(a), and 507(a) of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004*, filed contemporaneously herewith, CHC Reinsurance also reinsures certain employee-related insurance policies for both the Debtors and their non-debtor affiliates through a partnership with Assicurazioni Generali S.p.A.

182. **Insurance Programs**. Through the Insurance Programs, the Debtors maintain comprehensive aviation hull and liability coverage, as well as aviation hull war and aviation excess spares coverage. Collectively, these policies cover a wide range of liabilities and risks associated with the Debtors' aircraft, including, but not limited to, physical loss of or damage to the aircraft, its engines or its parts, and losses due to terrorism, hijacking, war, expropriation, confiscation and nationalization. The Debtors also maintain customary corporate insurances, such as commercial general liability, director and officer liability, and employment practices liability, as well as policies for corporate travel, auto insurance, medical malpractice,[23] pension fiduciary liability, comprehensive crime, foreign employer's liability, contingent protective insurance, cyber-attacks and information technology, environmental liability, worldwide property damage, business and services interruption, machinery and equipment, high flood deductibles, property, terrorism and war, political risk, and residual value, all as further detailed in the chart below. Continuation of these policies is essential to the ongoing operations of the Debtors' businesses, with certain coverage being required either by regulation or pursuant to certain of the Debtors' prepetition agreements. For example, I understand that in order to maintain certain aircraft operating certificates necessary to provide helicopter services, the Debtors must maintain specified levels of insurance coverage. I also understand that most, if not all, of our helicopter lessors require us to maintain certain levels of coverage as a condition of our financing. Moreover, I believe that preserving positive relationships with each of the Insurance Providers is integral for the Debtors to obtain and renew Insurance Programs at the most competitive rates.

[23] As noted above, CHC provides helicopter services for search and rescue and emergency medical services to various government agencies.

183. Based upon the foregoing, I believe that the relief requested in the Insurance Motion is in the best interests of the Debtors, their estates, and all parties in interest and should be granted.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: May 5, 2016
Dallas, Texas

/s/ Robert A. Del Genio
Robert A. Del Genio

EXHIBIT A

DEBTORS

Debtor	Last Four Digits of Federal Tax I.D. No.
CHC Group Ltd.	7405
6922767 Holding SARL	8004
Capital Aviation Services B.V.	2415
CHC Cayman ABL Borrower Ltd.	5051
CHC Cayman ABL Holdings Ltd.	4835
CHC Cayman Investments I Ltd.	8558
CHC Den Helder B.V.	2455
CHC Global Operations (2008) ULC	7214
CHC Global Operations Canada (2008) ULC	6979
CHC Global Operations International ULC	8751
CHC Helicopter (1) S.à r.l.	8914
CHC Helicopter (2) S.à r.l.	9088
CHC Helicopter (3) S.à r.l.	9297
CHC Helicopter (4) S.à r.l.	9655
CHC Helicopter (5) S.à r.l.	9897
CHC Helicopter Australia Pty Ltd	2402
CHC Helicopter Holding S.à r.l.	0907
CHC Helicopter S.A.	6821
CHC Helicopters (Barbados) Limited	7985
CHC Helicopters (Barbados) SRL	N/A
CHC Holding (UK) Limited	2198
CHC Holding NL B.V.	6801

Debtor	Last Four Digits of Federal Tax I.D. No.
CHC Hoofddorp B.V.	2413
CHC Leasing (Ireland) Limited	8230
CHC Netherlands B.V.	2409
CHC Norway Acquisition Co AS	6777
Heli-One (Netherlands) B.V.	2414
Heli-One (Norway) AS	2437
Heli-One (U.S.) Inc.	9617
Heli-One (UK) Limited	2451
Heli-One Canada ULC	8735
Heli-One Holdings (UK) Limited	6780
Heli-One Leasing (Norway) AS	2441
Heli-One Leasing ULC	N/A
Heli-One USA Inc.	3691
Heliworld Leasing Limited	2464
Integra Leasing AS	2439
Lloyd Bass Strait Helicopters Pty. Ltd.	2398
Lloyd Helicopter Services Limited	6781
Lloyd Helicopter Services Pty. Ltd.	2394
Lloyd Helicopters International Pty. Ltd.	2400
Lloyd Helicopters Pty. Ltd.	2393
Management Aviation Limited	2135

EXHIBIT B

DEBTORS' ORGANIZATIONAL CHART

CHC GROUP LTD.
Basic Ownership of Debtors

Legend

Debtor

Non-debtor

CHC

CHC GROUP LTD.

6922767 Holding SARL

CHC Helicopter Holding S.à r.l.

CHC Helicopter S.A.

CHC Holding NL B.V.

CHC Leasing (Ireland) Limited

Heli-One Holdings (UK) Limited

CHC Netherlands B.V.

CHC Holding (UK) Limited

CHC Helicopters (Barbados) SRL

CHC Helicopters (Barbados) Limited

CHC Helicopter Holding (Cayman) Ltd.

CHC Hoofddorp B.V.

CHC Den Helder B.V.

Heli-One (UK) Limited

CHC Cayman ABL Parent Lt.

Heliworld Leasing Limited

CHC Cayman Investments I Ltd.

CHC Cayman ABL Holdings Ltd.

Capital Aviation Services B.V.

Heli-One (Netherlands) B.V.

CHC Cayman ABL Borrower Ltd.

CHC Norway Acquisition Co AS

Lloyd Helicopter Services Limited

Heli-One Leasing (Norway) AS

Heli-One (Norway) AS

Integra Leasing AS

Management Aviation Limited

CHC Helicopter (1) S.à r.l.

CHC Helicopter (2) S.à r.l.

CHC Helicopter (3) S.à r.l.

CHC Helicopter (4) S.à r.l.

CHC Helicopter (5) S.à r.l.

Lloyd Helicopter Services Pty Ltd.

Heli-One Canada ULC

Heli-One Leasing ULC

CHC Global Operations International ULC

CHC Global Operations Canada (2008) ULC

CHC Global Operations (2008) ULC

Lloyd Helicopters Pty Ltd.

Lloyd Bass Strait Helicopters Pty Ltd.

CHC Helicopter Australia Pty Ltd.

Heli-One (U.S.) Inc.

Lloyd Helicopters International Pty Ltd.

Heli-One USA Inc.

EXHIBIT C

ABL BORROWING BASE CERTIFICATE

BORROWING BASE CERTIFICATE

Reference is hereby made to that certain Credit Agreement, dated as of June 12, 2015 (including all annexes, exhibits and schedules thereto and as amended, supplemented, waived or otherwise modified from time to time, the "Credit Agreement"; capitalized terms that are not defined herein have the meanings ascribed to such terms in the Credit Agreement), among 6922767 HOLDING SARL, a private limited liability company ("*société à responsabilité limitée*") incorporated and existing under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register under number B136.792, having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and a share capital of EUR 1,228,377,778, as Parent Guarantor, CHC CAYMAN ABL HOLDINGS LTD., an exempted company incorporated with limited liability under the laws of the Cayman Islands, as Holdings, CHC CAYMAN ABL BORROWER LTD., an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "Parent Borrower"), the Subsidiary Borrowers from time to time party thereto, the several banks and other financial institutions from time to time parties thereto (the "Lenders"), MORGAN STANLEY SENIOR FUNDING, INC., as Administrative Agent for the Lenders, and BNP PARIBAS S.A., as Collateral Agent for the Secured Parties (as defined therein).

As of April 6, 2016 Parent Borrower and the other Qualified Loan Parties and not in my individual capacity that to the best of my knowledge and belief (i) the statements and calculations of the Borrowing Base set forth on Annex A hereto (and the schedules attached thereto) are true and correct as of the Determination Date and (ii) such calculations have been made in accordance with the requirements of the Credit Agreement.

[*Remainder of page intentionally left bank; signature page follows*]

IN WITNESS WHEREOF, the undersigned has caused this Borrowing Base Certificate to be executed and delivered on the 6th day of April, 2016.

CHC CAYMAN ABL BORROWER LTD.

By: _____
Name: John Hanbury
Title: Attorney-in-Fact

ANNEX A

BORROWING BASE

Average Appraised Value	MSN 2674: $16,535,000	$16,535,000
	MSN 2949: $25,446,667	$25,446,667
	MSN 9009: $9,830,000	$9,830,000
	MSN 31099: $7,950,000	$7,950,000
	MSN 760625: $7,680,000	$7,680,000
	MSN 760632: $7,680,000	$7,680,000
	MSN 2986: $29,339,167	$29,339,167
	MSN 31561: $12,108,333	$12,108,333
	MSN 31610: $16,452,500	$16,452,500
	MSN 760636: $7,680,000	$7,680,000
	MSN 760674: $7,905,000	$7,905,000
	MSN 31072: $7,335,000	$7,335,000
	MSN 2914: $29,506,667	$29,506,667
Eligible Insurance Claims		$0
Advance Rate		75%
Availability Reserves		$0
Total Outstanding ABL Term Loans as at the end of the last Fiscal Period		$0
Total Borrowing Base		$139,086,251
Aggregate Lender Exposure		$129,300,000
Excess Availability		$9,786,251

EXHIBIT D

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MONTHLY DEPRECIATION SCHEDULE FOR

THE PERIOD OF MAY 2015 THROUGH MARCH 2016

CHC
Segment Note - YTD Q3
31-Jan-11

	FY 2016	2	3	4	5	6	7	8	9	10	5
										Consol	G&A
Direct Costs		-	-	-	-	-	-	-	-	-	-
IC Building Rental		-	-	-	-	-	-	-	-		
	0	-	-	-		-	-	-	-	-	-
Total direct costs		-	-	-	-	-	-	-	-	-	-
	0	-	-	-	-	-	-	-	-	-	-
Total Direct Costs		-	-	-	-	-	-	-	-	-	-
	0	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
									-	-	
				Rec to FS:		Per above				-	-
						Per FS			(893,474)		
							Equity		1,093		
										(892,381)	(43,313)
						Diff - insignificant - due to GL 4991				892,381	43,313
Internal leases											
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	
External leases											
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	
										-	
		-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	

All Cube Information	FAST v3.0 Production Actual Data as of Apr 20 2016 7:00
All Periodicity	Periodic (default)
All Unit Of Measure	Converted To USD @ Version Rate
All Divisions	All Divisions
All Bases	All Bases

Amount	Column Labels												Actual Total
	Actual												
	FY 2016				FY 2016 - Q2			FY 2016 - Q3			FY 2016 - Q4		
Row Labels	FY 2016 - Q1	201601 (MAY-15)	201602 (JUN-15)	201603 (JUL-15)	201604 (AUG-15)	201605 (SEP-15)	201606 (OCT-15)	201607 (NOV-15)	201608 (DEC-15)	201609 (JAN-16)	201610 (FEB-16)	201611 (MAR-16)	
All P&L		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Comprehensive Earnings (Loss)		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Net Earnings (Loss) of Controlling Interest		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Net Earnings (Loss)		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Net Earnings (Loss) from Continuing Operations, net of Tax		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Net Earnings (Loss) from Continuing Operations before Income Tax		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Operating Income (Loss)		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
Depreciation		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
7000 - 7999		(10,480,598)	(10,639,459)	(19,160,541)	(10,533,550)	(11,886,973)	(13,116,872)	(9,715,420)	(9,721,176)	(19,329,619)	(12,248,551)	(11,938,022)	(138,770,781)
7500 - Aircraft Fixed Asset Cost (Only) Depn		(1,421,223)	(1,561,942)	(1,461,229)	(1,460,280)	(1,578,565)	(1,541,963)	(1,529,500)	(1,639,361)	(1,643,547)	(1,541,554)	(1,552,294)	(16,931,456)
7501 - Aircraft Major Inspections Depn		(446,475)	(246,914)	(413,632)	(853,840)	(1,453,757)	(158,959)	(174,464)	(174,536)	(156,218)	(81,119)	(88,537)	(4,248,451)
7502 - Aircraft Modifications (PDM) Depn		(863,897)	(1,248,420)	(1,142,900)	(995,529)	(1,668,233)	(1,080,258)	(897,423)	(896,753)	(855,680)	(912,929)	(820,892)	(11,382,914)
7503 - Aircraft Major Spare Depn		(99,545)	(94,183)	(91,152)	(96,197)	(97,273)	(98,465)	(96,411)	(93,802)	(93,418)	(92,862)	(93,480)	(1,046,788)
7504 - Aircraft Main Rotor Blades Depn		(75,306)	(73,936)	(68,775)	(72,449)	(72,607)	(74,036)	(70,313)	(70,590)	(68,319)	(69,284)	(72,953)	(788,568)
7505 - Aircraft Rotables Depn		(5,568,406)	(5,412,513)	(5,323,665)	(5,272,350)	(5,253,263)	(8,352,041)	(5,009,637)	(5,017,316)	(13,506,402)	(7,704,825)	(8,012,841)	(74,433,259)
7506 - Facilities Depn		(812,872)	(669,670)	(652,377)	(607,491)	(615,284)	(576,529)	(626,035)	(567,037)	(1,381,723)	(647,973)	(573,203)	(7,730,195)
7507 - Equipment and Other Depn		(741,006)	(780,216)	(1,001,352)	(730,050)	(721,210)	(755,498)	(767,675)	(769,874)	(820,029)	(636,581)	(164,523)	(7,888,014)
7511 - Amort Intangibles				(58,677)	148	76	49	(58,033)	270	(57,709)	137	26	(173,713)
7513 - Capital Lease Amortization		(225,231)	(241,354)	(8,688,925)	(168,586)	(165,939)	(218,849)	(227,064)	(224,520)	(292,213)	(283,458)	(282,852)	(11,018,991)
7514 - Software Depreciation		(226,637)	(310,311)	(257,857)	(276,927)	(260,918)	(260,322)	(258,867)	(267,658)	(454,359)	(278,104)	(276,473)	(3,128,431)

EXHIBIT E

PROJECTED AIRCRAFT DEPRECIATION SCHEDULE

Aircraft - Dprcn rates of owned AC (excl Cap Lses)

Prepared by Ian Munro
Prepared on May 2 2016

** Non-USD dprcn translated at Apr 30 FX rate*

HFS - no dprcn

SERIAL #	AIRCRAFT TYPE	% Dprcn	Projected May dprcn (USD)*	Comments
33029	412	0.0%	-	Fully dprc'd
33091	412	0.0%	-	Fully dprc'd
36100	412EP	0.3%	778	Time-based; dprc'd until Jul 2020
36274	412EP	3.5%	10,064	
36275	412EP	3.5%	10,064	
36312	412EP	3.5%	8,581	
36419	412EP	3.5%	15,562	
2058A	AS332L	5.0%	2,083	
2063	AS332L	5.0%	2,165	
2074	AS332L	5.0%	2,184	
2075	AS332L	0.0%	-	Fully dprc'd (was HFS)
2102	AS332L	HFS	-	To be sold in May
2113	AS332L	5.0%	5,461	
2312	AS332L1	4.0%	8,660	
2347	AS332L1	4.0%	1,747	
2381	AS332L1	4.0%	8,819	
2407	AS332L1	HFS	-	SOLD in Apr
2468	AS332L1	HFS	-	To be sold in May
9009	AS332L1	4.0%	15,000	
2396	AS332L2	3.0%	14,500	
2484	AS332L2	3.0%	20,947	
2493	AS332L2	3.0%	17,674	
6358	AS365N2	0.0%	-	Fully dprc'd (was HFS)
6423	AS365N2	0.0%	-	Fully dprc'd (was HFS)
6846	AS365N3	3.0%	13,585	
31072	AW139	3.5%	22,465	
31099	AW139	3.5%	22,051	
31561	AW139	3.5%	38,412	
31610	AW139	3.5%	48,992	
834	EC135	3.5%	13,725	
9203	EC145	3.5%	18,362	
9235	EC145	3.5%	20,226	
6739	EC155B1	3.5%	16,861	
2674	EC225	3.5%	52,962	
2675	EC225	3.5%	49,610	
2914	EC225	3.5%	97,741	
2930	EC225	3.5%	95,218	
2949	EC225	3.5%	79,622	
2986	EC225	3.5%	80,840	
760089	S76A++	0.0%	-	Fully dprc'd
760103	S76A++	0.0%	-	Fully dprc'd
760105	S76A++	0.0%	-	Fully dprc'd
760113	S76A++	0.0%	-	Fully dprc'd
760122	S76A++	0.0%	-	Fully dprc'd
760160	S76A++	0.0%	-	Fully dprc'd (was HFS)
760300	S76A++	0.0%	-	Fully dprc'd
760490	S76C+	4.0%	10,035	
760466	S76C+	4.0%	10,035	
760468	S76C+	4.0%	10,000	
760547	S76C+	13.6%	62,500	Time-based on 15yr UEL from YOM
760548	S76C+	13.6%	62,500	Time-based on 15yr UEL from YOM
760572	S76C+	10.9%	50,000	Time-based on 15yr UEL from YOM
760574	S76C+	10.5%	43,538	Time-based on 15yr UEL from YOM
760575	S76C+	10.9%	50,000	Time-based on 15yr UEL from YOM
760589	S76C+	9.1%	41,667	Time-based on 15yr UEL from YOM
760593	S76C+	9.1%	41,667	Time-based on 15yr UEL from YOM
760596	S76C+	7.1%	25,472	Time-based on 15yr UEL from YOM
760598	S76C+	6.9%	24,437	Time-based on 15yr UEL from YOM
760601	S76C+	8.9%	39,506	Time-based on 15yr UEL from YOM
760602	S76C+	8.5%	34,293	Time-based on 15yr UEL from YOM
760603	S76C+	8.7%	37,815	Time-based on 15yr UEL from YOM
760625	S76C++	3.5%	23,417	
760632	S76C++	3.5%	23,337	
760636	S76C++	3.5%	23,367	
760670	S76C++	3.5%	23,000	
760674	S76C++	3.5%	23,343	
920045	S92A	3.5%	51,695	
920253	S92A	3.5%	77,177	
			1,603,764	USD

Total owned AC per Mar 31 fleet list:	68
Per above:	68
Variance:	-

EXHIBIT F

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CHC CASH FLOW FORECAST

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CHC Group Weekly Cash Flow Forecast
As of 5/4/16

	Week Ending				
	5/6/2016	5/13/2016	5/20/2016	5/27/2016	4-Week Total
Beginning Cash	**$ 234,711,138**	**$ 226,716,111**	**$ 215,267,295**	**$ 195,108,174**	**$ 234,711,138**
Cash Receipts	15,683,962	12,008,473	3,264,118	12,106,536	43,063,088
Other Receipts	1,358,495	1,889,320	2,968,188	1,962,856	8,178,860
Total Cash Receipts	$ 17,042,457	$ 13,897,793	$ 6,232,305	$ 14,069,392	$ 51,241,947
Disbursements					
Payroll	$ 1,362,493	$ 13,090,184	$ 13,387,873	$ 10,438,188	$ 38,278,737
Benefits	1,410,195	582,564	1,049,147	541,868	3,583,774
Pension	2,088,552	2,184,796	870,000	215,000	5,358,348
Aircraft Leases	-	-	-	-	-
Aircraft Related Transactions	-	(1,994,285)	-	-	(1,994,285)
OEM	8,311,171	8,430,985	8,430,985	3,430,985	28,604,127
Debt Payments	-	-	-	-	-
FX / Fees	-	-	-	-	-
Freight & Customs	22,707	22,983	706,577	57,743	810,010
Taxes	1,082,569	(45,839)	(882,927)	2,656,322	2,810,124
Professional Fees	1,800,000	1,800,000	1,800,000	1,800,000	7,200,000
Insurance	-	-	50,000	1,166,000	1,216,000
Fuel	174,971	186,010	128,722	192,791	682,493
Training	35,836	46,836	62,972	171,942	317,586
Information Technology	488,150	488,150	488,150	488,150	1,952,602
Travel	157,224	157,224	77,965	89,840	482,254
Airport Fees	101,796	167,630	57,630	212,058	539,115
Building & PPE	124,201	40,418	52,298	207,749	424,666
Other Expenses	7,877,619	188,953	112,032	269,610	8,448,214
Total Disbursements	**$ 25,037,483**	**$ 25,346,609**	**$ 26,391,426**	**$ 21,938,246**	**$ 98,713,764**
Net Cash Flow	**(7,995,026)**	**(11,448,816)**	**(20,159,121)**	**(7,868,853)**	**(47,471,817)**
Ending Cash - Operating	**$ 226,716,111**	**$ 215,267,295**	**$ 195,108,174**	**$ 187,239,321**	**$ 187,239,321**
Trapped/Minimum Cash	(70,200,000)	(70,200,000)	(70,200,000)	(70,200,000)	(70,200,000)
Ending Cash - Available	**$ 156,516,111**	**$ 145,067,295**	**$ 124,908,174**	**$ 117,039,321**	**$ 117,039,321**