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Local Counsel to the Official Committee of Unsecured Creditors

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

In re:	:	**Chapter 11**
CHC GROUP LTD. *et al.*, [1]	:	**Case No. 16– 31854 (BJH)**
Debtors.	:	**(Jointly Administered)**

NOTICE OF FILING OF PROPOSED COMMITTEE LETTER IN SUPPORT OF THE SECOND AMENDED JOINT CHAPTER 11 PLAN OF CHC GROUP, LTD. AND ITS AFFILIATED DEBTORS

PLEASE TAKE NOTICE that, on December 19, 2016, the above-captioned debtors and debtors-in-possession (collectively, the "**Debtors**") filed the (a) *Second Amended Joint Chapter 11 Plan of CHC Group, Ltd. and its Affiliated Debtors* (as amended or modified from time to time, the "**Plan**") [Docket No. 1371] and (b) *Revised Proposed Disclosure Statement for the Second Amended Joint Chapter 11 Plan of CHC Group, Ltd. and its Affiliated Debtors* (as amended or modified from time to time, the "**Disclosure Statement**") [Docket No. 1372].

[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**.

PLEASE TAKE FURTHER NOTICE that, on December 5, 2016, the Debtors filed a revised proposed form of order approving the Disclosure Statement Motion [Docket No. 1287] (as amended or modified from time to time, the "**Disclosure Statement Order**"), that approves, *inter alia*, contents of the certain solicitation materials (the "**Solicitation Packages**") to be distributed to creditors entitled to vote on the Plan. [2] The Solicitation Packages described in the Disclosure Statement Order include a letter from the Creditors' Committee setting forth its recommendation that all unsecured creditors vote in favor of the Plan (the "**Recommendation Letter**").

PLEASE TAKE FURTHER NOTICE that attached hereto as **Exhibit B** is a copy of the Creditors' Committee's Recommendation Letter to holders of unsecured claims.

PLEASE TAKE FURTHER NOTICE that the Creditors' Committee reserves all rights to modify the Recommendation Letter. Additional copies of this Notice and the Recommendation Letter are available at the Creditors' Committee's website at www.kccllc.net/CHCUCC.

Dated: December 19, 2016

Respectfully submitted,

/s/ Mark C. Moore
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[2] Capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Disclosure Statement Order.

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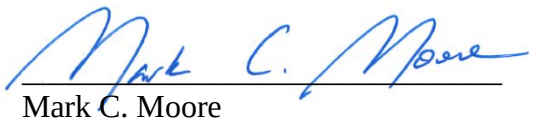
AND

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Counsel to the Official
Committee of Unsecured Creditors

CERTIFICATE OF SERVICE

I hereby certify that, on December 19, 2016, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.



Mark C. Moore

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

Recommendation Letter

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF CHC GROUP, LTD., ET AL.

TO: All Holders of Class 6 Unsecured Notes Claims, Class 7 General Unsecured Claims, and Class 8 Convenience Claims against CHC Group, Ltd. and its debtor affiliates (the "***Debtors***")

FROM: The Official Committee of Unsecured Creditors of CHC Group, Ltd., et al. (the "***Creditors' Committee***")[1]

You are receiving this letter because you are an unsecured creditor of the Debtors and are entitled to vote on the *Second Amended Joint Chapter 11 Plan of Reorganization* (the "***Plan***")[2] [ECF No. 1371] proposed by the Debtors. As further described in the *Revised Proposed Disclosure Statement for the Second Amended Joint Chapter 11 Plan* (the "***Disclosure Statement***") [ECF No. 1372], the Creditors' Committee supports the confirmation and consummation of the Plan and believes that the Plan provides the best possible recovery for unsecured creditors. **Accordingly, the Creditors' Committee, which acts as a fiduciary body representing the interests of all unsecured creditors in the Debtors' chapter 11 bankruptcy cases, recommends that you vote to *ACCEPT* the Plan by completing and returning your official Ballot enclosed with your solicitation materials prior to the Voting Deadline.**

In addition, if you are a holder of a Class 7 General Unsecured Claim in excess of $100,000, your official Ballot provides you with an option to elect into the "Convenience Class" and receive a cash distribution on a reduced claim amount on the terms described in Section II.C below. Please review this letter and the Plan and Disclosure Statement carefully before electing to participate in the Convenience Class.

All ballots must be received by MONTH DAY, 2017 at 5:00 p.m. (Prevailing Central Time) to be counted. You should carefully read all materials that accompany this letter, including the Plan, Disclosure Statement, and instructions for completing and mailing your ballot. A short summary of the Plan and certain key deadlines is set forth below.

I. The Plan Reflects a Global Settlement of Numerous Issues

As described in detail in the Disclosure Statement, the Plan embodies a global settlement that was achieved after months of extensive arms'-length negotiations between various parties including (i) the Debtors, (ii) the Creditors' Committee, (iii) holders of a majority of the Senior Secured Notes, (iv) holders of a majority of the Unsecured Notes, and (v) The Milestone Aviation Group and its affiliates (one of the Debtors' major lessors) (collectively, the "***Plan Support Parties***"). The Creditors' Committee took an active role in these negotiations, which

[1] The current members of the Creditors' Committee are: (i) Airbus Helicopters (SAS), (ii) Global Helicopters Pilots Association, (iii) Delaware Trust Company, (iv) The Milestone Aviation Group Limited, and (v) Sikorsky Commercial, Inc.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

ultimately resulted in the execution of a Plan Support Agreement (the "***PSA***") [ECF No. 956] pursuant to which the Plan Support Parties agree to support the Debtors' reorganization efforts on the terms described therein.

Prior to entering into the PSA, the Creditors' Committee conducted a comprehensive investigation into the asserted claims and liens of the Debtors' prepetition secured lenders to identify unencumbered assets available for distribution to unsecured creditors. This investigation identified several potential issues with the claims and liens of the Debtors' prepetition secured creditors and helped establish a foundation for recoveries for General Unsecured Creditors.

Through these efforts, the Committee and the other Plan Support Parties were able to formulate a Plan that paves the way for a successful and comprehensive financial and operational restructuring of the Debtors. The lynchpin of the Plan is a $300 million new money investment through a fully-backstopped Rights Offering that provides reorganized CHC with important liquidity to operate as a viable business in the coming months and years. In addition, the settlements embodied in the Plan resolve significant potential litigation among the Plan Support Parties on a number of challenging issues, many of which were identified as a result of the Creditors' Committee's investigation. Absent the settlements embodied in the Plan and the PSA, the Plan Support Parties would be forced to engage in extensive and costly litigation over, for example, the validity, extent and priority of the secured lenders' liens, the amount, value and treatment of creditors' claims, the value of the Debtors' encumbered and unencumbered assets, and any diminution in the value of the secured creditors' collateral and/or any potential claims to surcharge such collateral under section 506(c) of the Bankruptcy Code.

Based on negotiations surrounding these issues, the Creditors' Committee negotiated material recoveries for unsecured creditors that exceed any value unsecured creditors would have received in a liquidation scenario or any alternative plan. In light of these distributions, the Creditors' Committee believes that confirmation of the Plan is in the best interests of all unsecured creditors. Moreover, the Creditors' Committee believes that the settlement of the various litigation claims surrounding the secured lenders liens and claims and the numerous other issues embodied in the Plan constitutes a reasonable compromise of complex disputes, will avoid the significant expense and delay that would have been incurred had any of the disputed issues been litigated, and will allow the Debtors to exit bankruptcy efficiently and without the uncertainty attendant to litigation of these disputes.

II. Unsecured Creditors' Plan Consideration

The Plan provides for three separate classes of unsecured claims: (i) Unsecured Notes Claims; (ii) General Unsecured Claims; and (iii) Convenience Claims. As discussed in detail below, as part of the integrated, global settlement, the Plan also settles issues relating to the allocation and distribution of value among holders of Senior Secured Notes Claims, Unsecured Notes Claims, and General Unsecured Claims, thereby avoiding complex, protracted, and costly litigation of these issues that would have otherwise reduced the available distributions for all creditors. Based on this settled allocation of value, estimated claims in each creditor class, and the valuation of the Debtors, the Disclosure Statement includes estimates of projected recoveries on each class members' allowed claims. The distributions provided under the Plan will be in full and final satisfaction, release, discharge, and settlement of such claims against the Debtors.

More specifically, the Disclosure Statement projects the following estimated percentage recoveries for each class of Unsecured Claims:[3]

Class	Estimated Recovery
Class 6 – Unsecured Notes Claims[4]	6.6%-16.2%
Class 7 –General Unsecured Claims	1.8% on account of Primary General Unsecured Claims *plus* 0.1%-1.2% on account of Secondary General Unsecured Claims against the Secondary Recovery Debtors
Class 8 – Convenience Claims	10.4%[5]

Article VI.C of the Disclosure Statement contains a detailed description of the treatment of each class of claims. Please also read the Disclosure Statement for a more detailed summary of the mechanics for distributions to unsecured creditors under the Plan, the facts and assumptions behind these predictions and projections, and for information relating to the Debtors and these chapter 11 cases. Each estimate and projection in this letter is taken from the Disclosure Statement and qualified by all of the information in the Disclosure Statement.

A. Class 6 Unsecured Notes Claims

Under the Plan, holders of Allowed Unsecured Notes Claims will receive:

1. their pro rata share of 8.9% of the New Membership Interests prior to dilution on account of the New Second Lien Convertible Notes and the Management Incentive Plan (which shall equate to 1.3% of the New Membership Interests after dilution on account of the New Second Lien Convertible Notes, but prior to the dilution on account of the Management Incentive Plan); and

2. (i) to the extent such holders are Eligible Offerees, the right to participate in their pro rata share of $20 million of the Rights Offering or (ii) to the extent such

[3] The estimated range of recoveries for the Unsecured Claims includes a variety of assumptions, including, for example, which Debtor entity each individual creditor holds claims against and the number of creditors who elect to participate in the Convenience Claims Class.

[4] In the aggregate, pursuant to the Plan (and the global settlement contained therein) holders of Allowed Unsecured Notes Claims will receive a higher estimated recovery rate than holders of Allowed General Unsecured Claims. The aggregate recovery to holders of Allowed Unsecured Notes Claims takes into account the fact that forty (40) of the forty-three (43) Debtors issued or guaranteed the obligations under the Unsecured Notes and, therefore, the holders of Allowed Unsecured Notes Claims are able to assert the full value of their Unsecured Notes claims against all forty (40) of those entities, while holders of General Unsecured Claims are limited to asserting their claims at one or fewer entities. Several of the Debtors at which the Unsecured Notes Claims are asserted do not have other General Unsecured Claims asserted at such entities. Therefore, the unencumbered value of such Debtors inures solely to the benefit of the Unsecured Notes Claims.

[5] This recovery estimate assumes that no holder of a General Unsecured Claim over $100,000 elects to participate in the Convenience Claims Class. Please see Section II.C below for more information on the Convenience Claims Class election.

holders are Non-Eligible Offerees,[6] their share, calculated in accordance with the Rights Offering Procedures, of up to 0.1% of the New Membership Interests that would otherwise have been distributed to holders of Allowed Unsecured Notes Claims (after dilution on account of the New Second Lien Convertible Notes, but prior to the dilution on account of the Management Incentive Plan).

Section XIII of the Disclosure Statement contains the procedures governing the Rights Offering. Holders of Unsecured Notes Claims should review those procedures, as well as the solicitation form and instructions included in the solicitation packages, for more information as to how to participate in the Rights Offering or the Substitute Distribution, as applicable.

B. Class 7 General Unsecured Claims

Primary General Unsecured Claims. All Holders of Allowed General Unsecured Claims will receive recoveries from the Debtors on account of their Primary General Unsecured Claims. In particular, holders of Allowed General Unsecured Claims will receive their pro rata share of the following distributions on account of their Primary General Unsecured Claims, regardless of the Debtor entity against which such claims are asserted:

1. 5.7% of the New Membership Interests prior to dilution on account of the New Second Lien Convertible Notes and the Management Incentive Plan (which shall equate to 0.8 % of the New Membership Interests after dilution on account of the New Second Lien Convertible Notes, but prior to the dilution on account of the Management Incentive Plan); and

2. $17,979,648 in New Unsecured notes.

Secondary General Unsecured Claims. In addition to the distribution on account of their Allowed Primary General Unsecured Claims, holders of Allowed Secondary General Unsecured Claims (*i.e.*, guarantee claims, Aircraft Sublease claims, and other claims as more fully described in the Plan) against certain Debtors defined as the Secondary Recovery Debtors[7] will receive their pro rata share of the Secondary General Unsecured Claims Distribution[8] allocated to the applicable Secondary Liability Debtor(s) against which they hold claims. **Only Allowed Secondary General Unsecured Claims asserted against a Secondary Recovery Debtor will receive a distribution on account of such claims.**[9] The allocation of the Secondary General

[6] "Eligible Offerees" are holders that are "accredited investors" within the meaning of Rule 501(a) of Regulation D under the Securities Act of 1933, as amended, as of the Rights Offering Record Date.

[7] The "Secondary Recovery Debtors" include (i) 6922767 Holding SARL, (ii) Capital Aviation Services B.V., (iii) CHC Helicopter Australia Pty Ltd., (iv) CHC Helicopter S.A., (v) CHC Helicopters (Barbados) Limited, (vi) CHC Helicopters (Barbados) SRL, (vii) Heli-One Leasing (Norway) AS, and (viii) Heli-One Leasing ULC.

[8] The Secondary General Unsecured Claims Distribution is defined as: (i) 5.9% of the New Membership Interests prior to dilution on account of the New Second Lien Convertible Notes and the Management Incentive Plan (which shall equate to 0.9% of the New Membership Interests after dilution on account of the New Second Lien Convertible Notes, but prior to the dilution on account of the Management Incentive Plan); and (ii) $18,770,352 in New Unsecured notes.

[9] Holders of Secondary General Unsecured Claims against a Debtor other than a Secondary Recovery Debtor will not receive any additional recovery on account of such Secondary General Unsecured Claims, but will continue to

Unsecured Claims Distribution and estimated recoveries on account of Secondary General Unsecured Claims at each Secondary Recovery Debtor are as follows:

Secondary Recovery Debtor	Estimated Recovery	Allocated Secondary Unsecured Claims Distribution
6922767 Holding SARL	0.10%	0.03% of New Membership Interests and $0.6 million of New Unsecured Notes
Capital Aviation Services B.V.	0.66%	0.07% of New Membership Interests and $1.5 million of New Unsecured Notes
CHC Helicopter Australia Pty Ltd	0.71%	0.18% of New Membership Interests and $3.8 million of New Unsecured Notes
CHC Helicopter S.A.	1.23%	0.36% of New Membership Interests and $7.9 million of New Unsecured Notes
CHC Helicopters (Barbados) Limited	0.88%	0.13% of New Membership Interests and $2.8 million of New Unsecured Notes
CHC Helicopters (Barbados) SRL	--	--
Heli-One Leasing (Norway) AS	--	--
Heli-One Leasing ULC	0.62%	0.10% of New Membership Interests and $2.2 million of New Unsecured Notes

Please refer to Section I.8 of the Disclosure Statement for examples of how to calculate your projected recovery on account of your Primary and Secondary General Unsecured Claims.

C. Class 8 Convenience Claims

Convenience Claims are defined under the Plan as any Primary General Unsecured Claim of $100,000 or less, which will be automatically placed in the Convenience Claims Class. All other holders of Class 7 General Unsecured Claims may elect to opt in to the Convenience Claims Class by agreeing to irrevocably reduce their claim to the Convenience Claim Amount of $100,000. Holders of such claims will receive cash distributions equal to their pro rata share of the Convenience Claims Distribution Amount of $750,000. A holder of a Convenience Claim will receive distributions from the Convenience Claims Distribution Amount in full and final satisfaction of its Convenience Claim and any other claims it holds against the Debtors arising from or relating to the same liability or obligation.

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receive their recovery on the corresponding Primary General Unsecured Claim. In addition, there are currently no Secondary General Unsecured Claims asserted against CHC Helicopters (Barbados) SRL or Heli-One Leasing (Norway) AS. If any Secondary General Unsecured Claims are asserted against these Debtors and Allowed, the allocation of the Secondary General Unsecured Claims Distribution among the other Debtors on **Exhibit C** to the Disclosure Statement will decrease ratably according to the waterfall described in Section I.8 of the Disclosure Statement. In no event would the recovery on account of an Allowed Secondary General Unsecured Claim fall below the amount that is required to satisfy the standards for confirmation under the Bankruptcy Code.

Based on the current projected recoveries in the Disclosure Statement, the Creditors' Committee recommends that all holders of General Unsecured Claims in the amount of $500,000 or less should consider electing to have their claims treated as Convenience Claims. **You should consult with your legal or financial professionals before making this election.** [10]

If you elect to have your claim treated as Convenience Claim, you will only receive a distribution on account of your reduced Primary General Unsecured Claim. You will not receive any distribution on account of any Secondary General Unsecured Claims that derive from such reduced Primary General Unsecured Claim.

III. Important Deadlines

The Disclosure Statement also contains a number of important ***record dates*** and ***deadlines***, including (but not limited to) the following:

- **December 20, 2016** is the ***record date for voting*** and is the ***record date for participation in the Rights Offering***. You can only vote claims you held on **December 20, 2016**.

- **MONTH DAY, 2017 at 5:00 p.m. (Prevailing Central Time)** is the ***deadline*** for the Debtors' balloting agent to receive ballots from all creditors.

- **MONTH DAY, 2017 at TIME (Prevailing Central Time)** is the date for the ***hearing on the confirmation*** of the Plan.

Please review the Disclosure Statement for other dates and deadlines that may be important to you.

IV. Conclusion

The Creditors' Committee recommends each holder of a claim receiving this letter to vote to **ACCEPT** the Plan and return its ballot indicating such acceptance in accordance with the voting instructions described in the Disclosure Statement and Ballot.

You should carefully read the Disclosure Statement and the Plan in their entirety and may wish to consult your own legal or financial advisors. This letter is not offered as legal advice as to any specific claim or treatment under the Plan. It is for informational purposes only.

By this letter, the Creditors' Committee is expressing its support for the Plan. This letter does not purport to reflect the views of the Bankruptcy Court and does not constitute findings of facts or conclusions of law endorsed by the Bankruptcy Court; nor does it necessarily reflect the views of any individual Creditors' Committee member, which reserve any and all of their rights.

[10] If all creditors with General Unsecured Claims of $500,000 or less elect to have their claims treated as Convenience Claims, Class 8 creditors are estimated to recover approximately 7.0% on the reduced amount of their claims. This percentage is subject to change based on the number of claim holders who elect to opt in.

If you have questions or require additional information, please visit the Creditors' Committee website at www.kccllc.net/CHCUCC or call the Creditors' Committee hotline at (888) 647-1744, or if calling outside the United States at (310) 751-2628.

Very truly yours,

The Official Committee of Unsecured Creditors of CHC Group, Ltd., et al.

THE CREDITORS' COMMITTEE'S RECOMMENDATION THAT UNSECURED CREDITORS VOTE TO ACCEPT THE PLAN SHOULD NOT SERVE AS A SUBSTITUTE FOR EACH UNSECURED CREDITOR'S OWN CAREFUL READING AND CONSIDERATION OF THE DISCLOSURE STATEMENT, PLAN, AND RELATED DOCUMENTS DISSEMINATED THEREWITH, AND CONSULTATION WITH COUNSEL OR OTHER PROFESSIONAL ADVISORS.

THIS LETTER MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN THE CREDITORS' COMMITTEE'S VIEWS ON HOW TO VOTE ON THE PLAN, AND THE INFORMATION CANNOT BE RELIED UPON FOR ANY OTHER PURPOSE. THE CREDITORS' COMMITTEE DOES NOT GUARANTEE ANY PARTICULAR RESULT IN THE DEBTORS' BANKRUPTCY CASES.

THE BANKRUPTCY COURT'S APPROVAL OF THIS SOLICITATION LETTER TO BE INCLUDED AS PART OF THE SOLICITATION PACKAGE DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

THIS COMMUNICATION DOES NOT CONSTITUTE, AND SHALL NOT BE CONSTRUED AS, A SOLICITATION BY THE CREDITORS' COMMITTEE OR BY ANY INDIVIDUAL MEMBER OF THE CREDITORS' COMMITTEE.