

CANADA

**SUPERIOR COURT  
(Commercial Division)**

**PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL**

(Sitting as a court designated pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36, as amended, and the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended)

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**N°: 500-11-052101-173**

Montréal, April 11, 2017

Present: The Honourable Martin  
Castonguay, J.S.C.

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**IN THE MATTER OF THE PLAN OF  
COMPROMISE, ARRANGEMENT AND  
REORGANIZATION OF:**

**ALLIANCE HANGER INC.**

**Debtor**

-and-

**ERA GROUP INC./GROUPE ERA INC.**

**Applicant**

-and-

**KPMG INC.**

**Monitor**

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**ORDER FOR THE SANCTION OF THE RE-AMENDED PLAN OF COMPROMISE,  
ARRANGEMENT AND REORGANIZATION AND OTHER RELATED ORDERS**

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**THE COURT** is seized with the "Application for Sanction of the Amended Plan of Compromise, Arrangement and Reorganization and Other Related Orders" (the "**Application**") filed by Era Group Inc. (the "**Applicant**");

**SEEING** the Initial Order issued by this Honourable Court on February 16, 2017, as amended, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. c. C-36, as amended (the "**CCAA**");

**SEEING** the Claims Procedure Order issued by this Honourable Court on February 16, 2017, pursuant to the *CCAA*;

**SEEING** the Order for the Filing of the Amended Plan of Compromise, Arrangement and Reorganization, the Calling of a Creditors' Meeting and the Extension of the Stay Period issued by this Honourable Court on March 9, 2017;

**CONSIDERING** the allegations contained in the Application, the exhibits and the affidavit in support thereof;

**CONSIDERING** the representations of counsel;

**CONSIDERING** the Monitor's Report (the "**Monitor's Report**");

**CONSIDERING** Sections 6, 9 and 11 of the CCAA;

**CONSIDERING** Section 191 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended (the "**CBCA**");

**CONSIDERING** that the Application was duly notified/served to the service list in the CCAA Proceedings;

**FOR THE FOREGOING REASONS, THE COURT:**

- [1] **GRANTS** the Application;
- [2] **DECLARES** that the Applicant has given sufficient prior notice of the presentation of this Application to interested parties and that the time for notification/service of the Application herein be and is hereby abridged;
- [3] **DECLARES** that the notification/service of the Application constitutes good and sufficient notification/service on all interested parties;
- [4] **DECLARES** that, unless otherwise indicated, capitalized terms found herein shall have the same meaning ascribed thereto in the *Re-Amended Plan of Compromise, Arrangement and Reorganization* dated April 10, 2017 (the "**Plan**");

**Notification and Meeting**

- [5] **DECLARES** that the notification procedures in respect of the Affected Creditors and the Debtor's shareholders set forth in the Meeting Procedure Order have been duly followed and that there has been valid and sufficient notice of the Creditors' Meeting and notification/service, delivery and notice of the "Meeting Materials" contemplated therein and that no further notice is or shall be required;

**Plan Sanction, Plan Implementation, Equity Restructuring, Releases and Discharges**

- [6] **ORDERS** and **DECLARES** that the Plan, including the compromises, arrangements and reorganization set forth therein and the Equity Restructuring, are hereby sanctioned and approved pursuant to Section 6 of the CCAA and Section 191 of the CBCA and, as at the Plan Implementation Date, will be effective and will enure to the benefit of and be binding upon the Debtor, the Affected Creditors, the Existing Shareholders and all other Persons contemplated by the Plan or this Order;
- [7] **DECLARES** that:
- (a) the Plan has been approved by the Required Majorities of Affected Creditors in conformity with the CCAA;
  - (b) the Debtor has complied with the provisions of the CCAA, the CBCA and the Orders of the Court made in the CCAA Proceedings in all respects;
  - (c) the Court is satisfied that the Debtor and the Applicant have neither done nor purported to do anything that is not authorized by the CCAA or the CBCA; and
  - (d) the Plan and the transactions and reorganization contemplated thereby are fair and reasonable.
- [8] **DECLARES** that the full and final release and discharge of the Affected Claims will be effective and will enure to the benefit of and be binding upon the Debtor, the Affected Creditors and all other Persons contemplated under the Plan upon the Monitor's issuance of the Certificate of Performance;
- [9] **ORDERS** that the Debtor, the Applicant and the Monitor are authorized to take all steps and actions necessary to implement the Plan;
- [10] **ORDERS** and **DECLARES** that all Proven Claims determined in accordance with the Claims Procedure Order and the Plan are final and binding on the Debtor and all Affected Creditors;
- [11] **ORDERS** and **DECLARES** that, subject to Section 4.5 of the Plan, any Claims in excess of each Affected Creditor's Affected Claim Amount for which a Proof of Claim has not been filed by the Claims Bar Date shall be forever barred and extinguished;

- [12] **DECLARES** that all distributions and payments by or at the direction of the Monitor, in each case on behalf of the Debtor, under the Plan are for the account of the Debtor and the fulfillment of its obligations under the Plan;
- [13] **DECLARES** that the Debtor, the Applicant and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or under the Plan;
- [14] **ORDERS** and **DECLARES** that, subject to the performance by the Debtor of its obligations under the Plan, all contracts, leases, agreements and arrangements to which the Debtor is a party will be and remain in full force and effect, unamended, as at the Plan Implementation Date, and no Person who is a party to any such contract, lease, agreement or other arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of dilution or other remedy) or make any demand under or in respect of any such contract, lease, agreement or other arrangement and no automatic termination will have any validity or effect, by reason of:
- (a) any event that occurred on or prior to the Plan Implementation Date and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults, events of default, or termination events arising as a result of the insolvency of the Debtor);
  - (b) the insolvency of the Debtor or the fact that the Debtor sought or obtained relief under the CCAA; or
  - (c) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan.
- [15] **ORDERS** that, subject always to any exceptions set forth in Section 6.4 of the Plan, upon the Monitor's issuance and filing with the Court of the Certificate of Implementation on or before the Plan Implementation Date, each of the First Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person may be entitled to assert whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with the business and affairs of the Debtor, the Plan and the CCAA Proceedings, and all claims arising out of such

actions or omissions shall be forever waived and released, all to the full extent permitted by law and **ORDERS** that, upon the implementation of the Plan on the Plan Implementation Date, the commencement or prosecution, whether directly, derivatively or otherwise, of any of the above claims or matters against the First Released Parties is hereby enjoined;

- [16] **ORDERS** that, subject always to any exceptions set forth in Section 6.4 of the Plan, upon the Monitor's issuance and filing with the Court of the Certificate of Performance, each of the Second Released Parties shall be released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, expenses, executions, liens and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature which any Person (other than Edward Reichman but including any other Second Released Party), whether known or unknown, matured or unmatured, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act or omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date in any way relating to, arising out of or in connection with Claims, the business and affairs of the Debtor, the Plan and the CCAA Proceedings, and all claims arising out of such actions or omissions shall be forever waived and released (other than the right to enforce the Debtor's obligations under the Plan or any related document), all to the full extent permitted by law and **ORDERS** that, upon the Monitor's issuance and filing with the Court of the Certificate of Performance, the commencement or prosecution, whether directly, derivatively or otherwise, of any of the above claims or matters against the Second Released Parties is hereby enjoined;
- [17] **ORDERS** that the prosecution by or on behalf of any Person, whether directly, derivatively or otherwise, of any claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, liability or interest released, discharged or terminated pursuant to the Plan is hereby enjoined;
- [18] **ORDERS** that the commencement or prosecution, whether directly, derivatively or otherwise, of any demands, claims, actions, causes of action, counterclaims, suits or any indebtedness, liability, obligation or cause of action released and discharged pursuant to the Plan are hereby enjoined;
- [19] **DECLARES** that the Plan and the Articles of Reorganization (copies of which are annexed hereto as "**Annex A**") are effective and binding upon all Affected Creditors and Existing Shareholders and any other Persons affected by the Plan;
- [20] **APPROVES** the equity restructuring of Alliance Hanger Inc. pursuant to Section 191 of the *CBCA* as set out in the Articles of Reorganization;

[21] **ORDERS** the implementation of the Equity Restructuring, in general, and the Debtor's signature, execution and delivery to the "Director" (as defined in the *CBCA*) of the Articles of Reorganization, in particular;

[22] **ORDERS:**

- (a) the creation and authorization of the New Common Shares and New Redeemable Shares;
- (b) the conversion of each and every one of the Existing Common Shares and the Existing Preferred Shares into New Redeemable Shares (on a one share-to-one share basis);
- (c) the cancellation for all purposes of any and all existing options, warrants, pre-emptive rights or any other entitlements or rights to acquire shares in the Debtor's capital stock;
- (d) the replacement of all Existing Directors with the directors specified in the Articles of Reorganization;
- (e) the cancellation and termination for all purposes of any and all agreements in respect of the Debtor (i) as envisaged by Section 146 *CBCA* or (ii) which otherwise established governance rules for the Debtor as well as for the Existing Shareholders and/or the Existing Directors in respect of the Debtor;
- (f) such other amendments to and/or restating of the Existing Articles as set forth in the Articles of Reorganization; and
- (g) the subscriptions for and purchases, issuance and allotment of the Available New Shares as set forth in Sections 8.3 and 8.4 of the Plan.

[23] **DECLARES** that the stay of proceedings set forth and ordered in the Initial Order in respect of the Debtor, the Directors and all other "Stayed Parties" (as defined in the Initial Order) and thereafter extended by the Meeting Procedure Order shall be unaffected by this Order and remain in full force and effect up to and including such date ordered by the Court;

[24] **ORDERS** and **DECLARES** that either Mark Schneiderman or Jean-Luc Lavergne, acting alone, is hereby authorized to do all things and sign and execute all documents (in place of the Existing Directors) in order to fully implement and effect the Equity Restructuring;

**General Provisions**

- [25] **ORDERS** that all Orders in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such Orders are varied by, or inconsistent with, this Sanction Order or the Plan;
- [26] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada;
- [27] **REQUESTS** the aid and recognition of any Court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of this Order;
- [28] **ORDERS** the provisional execution of this Order notwithstanding any appeal;
- [29] **THE WHOLE** without costs.



MONTREAL, April 11, 2017

  
The Honourable Martin Gastonguey, J.S.C.

**ANNEX A**  
**TO ORDER FOR THE SANCTION OF THE AMENDED PLAN OF COMPROMISE,**  
**ARRANGEMENT AND REORGANIZATION AND OTHER RELATED ORDERS**

Articles of Reorganization





**Canada Business Corporations Act (CBCA)  
FORM 14  
ARTICLES OF REORGANIZATION  
(Section 191)**

**1 - Corporate name**

ALLIANCE HANGER INC.

**2 - Corporation number**

0861979 - 4

**3 - In accordance with the court order for reorganization, the articles of incorporation are amended as follows:**

See SCHEDULES I and II, annexed hereto, forming part hereof.

**4 - Declaration**

I hereby certify that I am a director or an authorized officer of the corporation.

Signature: \_\_\_\_\_

Print name: MARK SCHNEIDERMAN

Telephone number: (514) 933-5112

**Note:** Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

## SCHEDULE I

to the Articles of Reorganization (the "**Articles of Reorganization**")  
of  
Alliance Hanger Inc. (the "**Corporation**")

- 3.1** Schedule A to the Corporation's existing Articles of Incorporation, as amended (the "**Articles**") is hereby amended in order to create and authorize two (2) new additional classes of shares, namely the "New Common Shares" (the "**New Common Shares**") and the "New Redeemable Shares" (the "**New Redeemable Shares**") both as described in Schedule II to the Corporation's Articles of Reorganization, each having the rights, privileges, restrictions and attributes as set forth in Schedule II to the Corporation's Articles of Reorganization.
- 3.2** Each and every one of the Corporation's issued and outstanding:
- 3.2.1** Class "A" Common Shares;
  - 3.2.2** Class "F" Preferred Shares; and
  - 3.2.3** Shares of any class or category whatsoever other than those described in paragraphs 3.2.1 and 3.2.2 above,
- (collectively the "**Converted Shares**") are hereby converted and deemed converted, on a one share-to-one share basis, into New Redeemable Shares such that, effective immediately, each and every holder of Converted Shares shall, henceforth, hold and own no Converted Shares whatsoever but, rather, shall hold and own a number of New Redeemable Shares equal to the number of Converted Shares of such holder.
- 3.3** All outstanding options, warrants, pre-emptive rights or any other entitlements and/or rights to acquire any shares or securities of any class or category whatsoever in the Corporation's capital stock are hereby cancelled for all purposes.
- 3.4** All of the Corporation's existing directors are hereby removed as directors of the Corporation and are hereby replaced by Jean-Luc Lavergne and Mark Schneiderman, who shall be the Corporation's sole directors unless and until replaced by the holders of shares in the Corporation's capital stock entitled to vote thereon.

## SCHEDULE II

to the Articles of Reorganization (the "**Articles of Reorganization**")  
of  
Alliance Hanger Inc. (the "**Corporation**")

In addition to the nine (9) classes of shares described in Schedule A to the Corporation's Articles of Incorporation as amended, the Corporation is authorized to issue an unlimited number of new additional New Common Shares and New Redeemable Shares, having the following rights, privileges, restrictions and conditions:

### 1. New Common Shares

1.1 The holders of the New Common Shares shall:

1.1.1. be entitled to vote at all meetings of shareholders except meetings at which only holders of the specified class of shares, other than the New Common Shares, are entitled to vote; and

1.1.2. subject only to the rights of any holders of Class "C" Preferred Shares, Class "D" Preferred Shares, Class "E" Preferred Shares, Class "G" Preferred Shares, Class "H" Preferred Shares and Class "I" Preferred Shares, share in the property, profits and surplus assets of the Corporation and receive the remaining property of the Corporation upon its dissolution; and

### 2. New Redeemable Shares

2.1 The holders of the New Redeemable Shares shall:

2.1.1 not, except as otherwise specifically provided by the *Canada Business Corporations Act*, be entitled to vote at any meetings of shareholders or otherwise carry out any right to vote;

2.1.2 not, under any circumstances, share in any of the property, profits and surplus assets of the Corporation or receive any of the remaining property of the Corporation upon its dissolution; and

2.1.3 not be redeemable or retractable at the option of the holders thereof;

**2.2** Notwithstanding the consideration for which any New Redeemable Shares have been issued (or for which their predecessor shares have been issued), the New Redeemable Shares shall be redeemable, at any time whatsoever at the Corporation's sole option, at a redemption price equal to one hundredth of one cent (\$0.0001) for each of the New Redeemable Shares so redeemed. The Corporation's directors may redeem all or part of the New Redeemable Shares, at any time at the option of the Corporation's directors upon notice of five (5) days and without the consent of the holders thereof. If less than the whole amount of the outstanding New Redeemable Shares are redeemed, the shares to be redeemed shall be selected *pro rata* or by lot in such manner as the Corporation's directors may determine.