

**CLAIMS PROCEDURE OF AIR CANADA  
AND CERTAIN OF ITS SUBSIDIARIES  
(collectively referred to as “Air Canada” or the “Applicants”)  
GUIDELINES FOR AIRCRAFT CREDITORS**

**GENERAL GUIDELINES**

1. These guidelines are provided to aircraft lessors solely for the purpose of assisting them in the preparation of their proofs of claim and to facilitate an expeditious review thereof. It is recognized that in certain cases, there may be other factors which should be considered by aircraft creditors in determining their claims.
2. The claimant filing the proof of claim must have privity with an Applicant and the claim must be a primary obligation of an Applicant.
3. For syndicated aircraft deals, the Agent can file claims on behalf of its principals (i.e. lenders) provided that (i) such principals are clearly identified by the Agent; (ii) if filing any other claim on its own behalf, such principal refers to such filing by the Agent; and (iii) each creditor shall be entitled to vote once in respect of its aggregate claim against all Applicants regardless of whether any claims are filed directly or through an Agent.
4. Subject to #3 above and as indicated in the Instruction Letter to all claimants, each aircraft creditor should file only one proof of claim for all amounts owed to it by all Applicants. However, aircraft creditors who are filing claims with respect to more than one aircraft should attach separate calculations and packages of supporting documents for each aircraft.
5. Each claim should have sufficient support attached to detail the build-up and calculation of the claim amount. Each claim should also include copies of cover pages and excerpts of any relevant agreements affecting the calculation of the claim amount.
6. Contractual remedy and identification of defined terms therein should be supported by sufficient extracts from the relevant agreements.
7. **Each page** submitted as part of the proof of claim package or in support thereof should have the aircraft type and manufacturer’s serial number (“MSN”) clearly marked in the upper right

hand corner. For agreements that cover multiple aircraft, a reference name in the upper right hand corner and an appendix of aircraft types and MSN will suffice.

8. Any documents which the claimant consider to be confidential should be clearly marked as such in the upper right hand corner of each page.

**RECOMMENDED INFORMATION TO BE INCLUDED IN CLAIM SUPPORT PACKAGE**

1. Identification of aircraft type, vintage, configuration, manufacturer's serial number and aircraft registration number.
2. Claimant name and % participation in the relevant aircraft claim.
3. Brief commentary as to the lease or financing structure to establish the context of the claim.
4. Detailed calculations for each component (without duplication) of the total claim amount.

## SUGGESTED METHODOLOGY FOR CALCULATION OF CLAIM AMOUNT

	<b>Operating Leases</b>	<b>Structured Leases</b>	<b>Financings</b>
<b>Repudiations</b>	<ul style="list-style-type: none"> <li>• Outstanding lease charges relating to the period pre April 1/03</li> <li>+ Contractual damages under relevant documents such as Termination Value at April 1/03 or NPV of future payments under the lease, as applicable</li> <li>+ Maintenance Claim</li> <li>+ Other Fees and Costs</li> <li>- Rent paid or committed to be paid by Air Canada post April 1/03</li> <li>- NPV of Forecast Future Revenue on the Aircraft</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding lease charges relating to the period pre April 1/03</li> <li>+ Contractual damages under relevant documents such as Termination Value at April 1/03 or NPV of future payments under the lease, as applicable</li> <li>+ Tax Indemnity Claim</li> <li>+ Swap Breakage Fees</li> <li>+ Maintenance Claim</li> <li>+ Other Fees and Costs</li> <li>- FMV of the Aircraft as at April 1/03</li> </ul>	<ul style="list-style-type: none"> <li>• Contractual damages under relevant documents such as outstanding principal and accrued interest</li> <li>+ Tax Indemnity Claim</li> <li>+ Swap Breakage Fees</li> <li>+ Other Fees and Costs</li> <li>- FMV of the Aircraft as at April 1/03</li> </ul>
<b>Conversion to Monthly</b> ( <i>i.e.</i> “power by the hour”)	<ul style="list-style-type: none"> <li>• Outstanding lease charges relating to the period pre April 1/03</li> <li>+ Contractual damages under relevant documents such as Termination Value at April 1/03 or NPV of future payments under the lease, as applicable</li> <li>+ Maintenance Claim</li> <li>+ Other Fees and Costs</li> <li>- Rent paid or committed to be paid post April 1/03</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding lease charges relating to the period pre April 1/03</li> <li>+ Contractual damages under relevant documents such as Termination Value at April 1/03 or NPV of future payments under the lease, as applicable</li> <li>+ Tax Indemnity claim</li> <li>+ Swap Breakage Fees</li> <li>+ Maintenance Claim</li> <li>+ Other Fees and Costs</li> <li>- FMV of the Aircraft as at April 1/03</li> </ul>	<ul style="list-style-type: none"> <li>• Contractual damages under relevant documents such as outstanding principal and accrued interest</li> <li>+ Tax Indemnity claim</li> <li>+ Swap Breakage Fees</li> <li>+ Other Fees and Costs</li> <li>- FMV of the Aircraft as at April 1/03</li> </ul>

	<b>Operating Leases</b>	<b>Structured Leases</b>	<b>Financings</b>
<b>Restructurings</b>	<ul style="list-style-type: none"> <li>• Outstanding lease charges relating to the period pre April 1/03</li> <li>+ Contractual damages under relevant documents such as Termination Value at April 1/03 or NPV of future payments under the lease, as applicable</li> <li>+ Amendments to Return Conditions, as applicable</li> <li>+ Other Fees and Costs</li> <li>- NPV of future payments under the new lease</li> </ul>	<ul style="list-style-type: none"> <li>• Outstanding lease charges relating to the period pre April 1/03</li> <li>+ Contractual damages under relevant documents such as Termination Value at April 1/03 or NPV of future payments under the lease, as applicable</li> <li>+ Amendments to Return Conditions, as applicable</li> <li>+ Tax Indemnity claim</li> <li>+ Swap Breakage Fees</li> <li>+ Other Fees and Costs</li> <li>- FMV of the Aircraft as at April 1/03 (adjusted for any relevant specifics of the new lease agreement)</li> </ul>	<ul style="list-style-type: none"> <li>• Contractual damages under relevant documents such as outstanding principal and accrued interest</li> <li>+ Tax Indemnity claim</li> <li>+ Swap Breakage Fees</li> <li>+ Other Fees and Costs</li> <li>- FMV of the Aircraft as at April 1/03 (adjusted for any relevant specifics of the new lease agreement)</li> </ul>

*Termination Value*

This should be the actual amount the creditor is entitled to claim as specified in the relevant agreement and should represent a declining balance over the life of the agreement. If the relevant agreement does not specify a Termination Value, the creditor should use the NPV of the remaining payments due under the agreement.

*NPV of Future Lease Payments*

An annual discount rate of 8% is deemed appropriate for use in the Net Present Value calculation.

*Maintenance Claim*

This represents a creditor's claim with respect to aircraft which were returned in a condition inferior to that required under the relevant agreement. The amount claimed should be equivalent to the creditor's cost to bring the aircraft back to the contractual return condition that existed prior to any repudiation, conversion to monthly lease or restructuring of the lease agreement.

*Amendments to Return Conditions*

This represents the economic impact to the aircraft creditor of any amendments to the return conditions between the old and the new agreements.

*Tax Indemnity Claim*

This amount should be claimed only in cases where the relevant agreement specifically allows the creditor to make such a claim.

*Swap Breakage Fees*

Represents actual cost incurred to terminate swaps

provided that the relevant agreement allows for the creditor to claim these costs.

*Other Fees and Costs*

May include storage fees, insurance, legal fees etc. provided that there is a written agreement allowing for these amounts to be claimed.

*NPV of Forecast Future Revenue on the Aircraft*

This represents the estimate of future rent to be earned on the aircraft during the remaining lease term, subject to a reasonable lease-up period.

*FMV (Fair Market Value) of Aircraft*

Guidelines with respect to FMV by aircraft type as previously presented to aircraft lessors on May 29/03 are attached.

**SUGGESTED RANGE FOR FAIR MARKET VALUE BY AIRCRAFT TYPE**

(amounts in USD\$)

<b>Aircraft Type</b>	<b>Vintage</b>	<b>Low</b>	<b>High</b>
<b>Mainline Aircraft</b>			
A319	Pre 1999	\$18,000,000	\$23,000,000
	Post 2000	\$24,000,000	\$30,000,000
A320	Pre 1994	\$11,000,000	\$15,000,000
	Post 2002	\$28,000,000	\$35,000,000
A321	Pre 1998	\$22,000,000	\$28,000,000
	Post 2000	\$32,000,000	\$40,000,000
B732	All	\$750,000	\$1,250,000
B744	Combi	\$25,000,000	\$30,000,000
	Pax	\$30,000,000	\$40,000,000
B767-200	All	\$4,000,000	\$6,000,000
B767-200ER	Post 1998	\$10,000,000	\$14,000,000
B767-300ER	Pre 1999	\$17,500,000	\$27,500,000
	Post 1999	\$35,000,000	\$57,500,000
<b>Regional Aircraft</b>			
Bae 146	All	\$3,125,000	\$3,750,000
CRJ	All	\$10,000,000	\$14,000,000
DHC-8-100	All	\$1,500,000	\$2,000,000
DHC-8-300	All	\$2,500,000	\$3,000,000

**Assumptions:**

The airframe, engines and other major-life or time-limited/controlled components are in half-life/time condition unless recently delivered new.