

CANADA
PROVINCE OF QUEBEC
DISTRICT OF BEDFORD
COURT. No.: 460-11-001918-104
OFFICE No.: 905521-1000002

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF THE PROPOSED
PLAN OF ARRANGEMENT OF:**

AAER INC., a legal person, duly incorporated according to the *Canada Business Corporations Act*, having its head office at 80 de l'Aéroport Blvd., Bromont, Quebec, J2L 1S9

– and –

AAER USA INC., a legal person, duly incorporated in Delaware, having a place of business at 400 Westminster St., Suite 202, Providence, Rhode Island, United States, 02903

– and –

WIND-SMART LLC, a legal person, duly incorporated in Rhode Island, having a place of business at 400 Westminster St., Suite 202, Providence, Rhode Island, United States, 02903

Debtors

– and –

SAMSON BÉLAIR/DELOITTE & TOUCHE INC. (Jean-François Nadon, CA, CIRP, responsible), having a place of business at 1 Place Ville Marie, Suite 3000, Montreal, Quebec, H3B 4T9

Monitor

**SIXTH MONITOR'S REPORT ISSUED TO THE CREDITORS ON THE PLAN
AND ISSUED BY SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
IN ITS CAPACITY AS MONITOR ("MONITOR") OF AAER
(Sections 9, 11 and 11.02 of the *Companies' Creditors Arrangement Act* ("CCAA"))**

INTRODUCTION

1. Pursuant to section 11.02 of the CCAA on April 8, 2010, an initial order ("**Initial Order**") was granted in favor of AAER Inc., AAER USA Inc. and Wind-Smart LLC (collectively, "**AAER**" or the "**Petitioners**").
2. On April 8, the Monitor submitted to this honorable court its First Monitor's report dated April 8, 2010.

3. On May 7, 2010, following a motion presented by AAER, this honorable court granted the Order for a First Extension of the Initial Order and to Establish the Procedures Relating to the Claims Process and the Creditors' Meeting up to June 2, 2010.
4. On May 7, 2010, the Monitor submitted to this honorable court its Second Monitor's report dated May 6, 2010.
5. On June 1, 2010, following a motion presented by AAER, this honorable court granted the Order for authorization to sell most of AAER Inc.'s assets and for a second extension of the Initial Order up to and including June 7, 2010.
6. On June 1, 2010, the Monitor submitted to this honorable court its Third Monitor's report dated June 1, 2010.
7. On June 9, 2010, following a motion presented by AAER, this honorable court granted the Order for authorization for a third extension of the Initial Order up to and including July 7, 2010.
8. On June 9, 2010, the Monitor submitted to this honorable court its Fourth Monitor's report dated June 7, 2010.
9. On July 7, 2010, following a motion presented by AAER, this honorable court granted the Order for a fourth extension of the initial order and for authorization to file a Plan and to send notice of creditor's meeting. The Stay Period was extended up to and including August 11, 2010.
10. On July 7, 2010, the Monitor submitted to this honorable court its Fifth Monitor's report dated July 6, 2010.
11. On July 7, 2010, a Plan has been presented to the court and is attached hereto as **Appendix 1**.
12. Unless otherwise specified, all amounts indicated in this report are expressed in Canadian dollars. All letters starting with a capital which are not defined in this Sixth Monitor's Report have been previously defined in the First Monitor's Report, Second Monitor's Report, Third Monitor's Report, Fourth Monitor's Report and Fifth Monitor's Report or may have been defined in the Motion for the Initial Order, Motion for a First Extension of the Initial Order and to Establish the Procedures Relating to the Claims Process, Motion for authorization to sell most of AAER Inc.'s assets and for a second extension of the Initial Order and the Creditors' Meeting, Motion for authorization for a third extension of the Initial Order and Motion for a fourth extension of the initial order and for authorization to file a Plan and to send notice of creditor's meeting (collectively the "**Motions**") or may have been defined in the Plan.
13. The purposes of this Sixth Monitor's Report are to:
 - (i) provide a summary of AAER's balance sheet;
 - (ii) provide a summary of the Plan for the benefit of AAER's creditors;
 - (iii) provide an estimated breakdown of the Subscription Amount;

14. In preparing this report, the Monitor has relied upon unaudited financial information, records of AAER, AAER accounting documents as well as discussions with AAER's management, employees, financial advisors and legal advisors. The Monitor has not carried out an audit, review or other form of assurance on the information provided to the Monitor and the Monitor does not express an opinion in respect of such information.
15. A copy of this Sixth Monitor's Report as well as all other Monitor's Reports and any Motions presented to this honorable court are available on the Monitor's website at the following address: www.deloitte.com/ca/aaer. The Monitor has also established a toll-free phone line in order to allow interested parties to communicate with the Monitor in the event of any questions relating to the restructuring of AAER.

AAER'S BALANCE SHEET

16. As mentioned in our previous reports, all of AAER's assets were sold to Pioneer and Global. Therefore, there remains no assets that could generate liquidity and could be distributed to the Affected Creditors.
17. The Pioneer Transaction was concluded on June 7, 2010 and consisted of the sale of assets in lots 2 (inventory), 3 (furniture), 5 (intangibles) as well as all other AAER intellectual property. The purchase price was established at \$450,000.
18. The Global Transaction was concluded on June 4, 2010 and consisted of the sale of assets in lot 4 (prepaid expenses and deposits on inventory). The purchase price was established at \$280,000.
19. The proceeds of the transactions indicated above have been remitted to the Monitor and have been distributed as indicated in the Order for authorization to sell most of AAER Inc.'s assets and for a second extension of the Initial Order dated June 1, 2010.
20. Total claims filed with the Monitor during the claim process totals approximately \$18.8 million.
21. As mentioned in the fourth Monitor's Report, the Company has suffered significant losses during its existence, creating fiscal advantages for a group that could be interested in continuing operating AAER's business. Since the value of these potential fiscal advantages are solely based on the capacity of the continued operations to generate profit in the coming years and the future results of the restructured Company has not yet been established at this time, it is therefore impossible to establish a dollar value for these potential fiscal advantages.

SUMMARY OF THE PLAN

22. The circumstances and events leading to this Plan are described in the Company's Motions and in the reports filed by the Monitor in these proceedings.
23. The Plan provides a single class of creditors. The General Affected Unsecured Creditors will be voting on this Plan and benefiting from the Distribution Amount.
24. All claims secured by the Administration Charge, D & O Charge and any Post-Filing Claims will be paid in full by the Company using the Subscription Amount.

25. All Crown Claims will be remitted in full within the six months after the Effective date using the Subscription Amount. AAER estimates the Crown Claims at \$130,000. As previously stated in the Second Monitor's report, the Monitor holds an amount of \$130,000 for payment of the Crown Claims.
26. All Employees Claims will be paid by the Company immediately after the court's sanction of this Plan using the Subscription Amount.
27. Any Affected Claims denominated in currencies other than the Canadian dollar will be converted by the Monitor to Canadian dollars at the Bank of Canada noon spot rate of exchange for exchanging currency to Canadian dollars on the Determination date.
28. The Subscription Amount has been established at \$450,000 and will be distributed to the General Affected Creditors, without duplication, that have provided their claim, at a *pro rata* share after the payment of claims listed in paragraph 2.4 of the Plan.
29. A Creditor's Meeting shall be held on August 9, 2010 at 10:00 a.m. in Boardroom C of the Chateau Bromont located at 90 Stanstead St., in Bromont, Quebec J2L 1K6. The Creditor's Meeting will be held for the purpose of considering and voting on the approval of the Plan or other matters to be considered at the Creditor's Meeting.
30. The Company will seek approval of the Plan by the affirmative vote of the Required Majorities which is established at no less than 66 2/3% in value and 50% in number of the Voting Claims of the General Affected Unsecured Creditors voting (in person or by proxy) at the Creditor's Meeting for such a class. Should the plan be approved by the required majorities, AAER will seek a sanction order on August 11, 2010 by the court at the Granby courthouse located at 77 Principale St. in Granby, Quebec J2G 9B3.

ESTIMATED BREAKDOWN OF THE SUBSCRIPTION AMOUNT

31. The estimated breakdown of the \$450,000 Subscription Amount is as follows:

Estimated Plan distribution amounts	
<i>(Unaudited)</i>	
<u>Cash inflows</u>	
Subscription amount	\$ 450,000
<u>Total cash inflows</u>	<u>\$ 450,000</u>
<u>Cash outflows</u>	
Professional fees in conjunction with the Plan	\$ 175,000
Estimated Post-Filing Claim for the DIP lender	\$ 105,000
Estimated Post-Filing Claim for Olymbec	\$ 27,500
Estimated Post-Filing Claim for services rendered by the administrators	\$ 21,000
Estimated Employee Claims subject to Section 6 (5) of the CCAA	\$ 28,000
Estimated Post-Filing Claim for professional services outstanding at July 12, 2010	\$ 25,000
<u>Total cash outflows</u>	<u>\$ 381,500</u>
Potential amount available to Affected Unsecured Creditors	<u>\$ 68,500</u>
Amounts in this table are approximated figures and are subject to change.	

32. The amount that will be distributed on a *pro rata* basis to the Affected Unsecured Creditors could potentially total \$68,500.

CONCLUSION

33. The creditors are being requested by the Company to choose between two alternatives, namely approval of the Plan or rejection of the Plan. Given the fact that there are no more assets, the inability to value the potential fiscal advantages and the uncertainty of the future legal status of the Company, the Monitor considers that that the proposed Plan is the only realistic and reasonable alternative for the Affected Unsecured Creditors, considering that in a bankruptcy scenario the realization value of AAER's assets would be nil.
34. Based on the reasons outlined in this report, the Monitor recommends that the Affected Creditors approve the Plan and vote in favor of the Plan at the Creditors' Meeting on August 9, 2010.

DATED IN MONTREAL, on this 12th day of
July, 2010.



SAMSON BÉLAIR/DELOITTE & TOUCHE INC.
In its capacity of Monitor of AAER.