

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SKYGREECE AIRLINES S.A., AN
INSOLVENT PERSON, PURSUANT TO SECTION 50.4(1) THE BANKRUPTCY AND INSOLVENCY ACT ("BIA")

Sept 8/15 m. Starnino & McKenna, for App.
C. Prophet, for Proposal Justice Ery
Dr. Lukacs for Air Passenger Rights, *via*

telephone.

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
PROCEEDING COMMENCED AT
TORONTO

SkYGreece seeks a stay of the regulatory
proceedings brought by the Canadian
Transportation Agency (CTA) - in particular, the
show cause proceeding dated Sept 2/15 (Case No
15-03972) requiring SkYGreece to take various
corrective measures in connection with its
suspension of operations on Aug 27/15.

The CTA takes no position on this motion subject
to the 2 reservations set out in Mr Jolly's
letter of Sept 7/15 (wrt by SkYGreece to include
passengers in the insolvency process &
disagreement re s. 69 automatically staying
CTA's own motion investigations).

Dr Lukacs is head of a consumer air passenger
rights group - "Air Passenger Rights". The CTA
has denied him standing in the investigation
proceedings. SkYGreece/Ery did not object to
Dr L's participation today by telephone & I
heard submissions from him, although I do not
concede that he has standing before this court.

MOTION RECORD

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Lawyers for the Applicant

I denied DR's request for an adjt quien the exigencies of the situation, as further explained below.

Skygreece has filed a NO1 to make a proposal under s. 50.4(1) of the BIA. It is currently not flying. It has no money except for \$250,000 that has recently been funded from a TP source. It is trying to put together a rest of the world proposal that will address claims of all of its stakeholders, including passenger claimants. SG seeks a stay pursuant to s 69.6(3) of the BIA with respect to the CTA's proceedings. I am satisfied that notice has been adequately provided under the circumstances (in particular, DR & has received notice & is in fact acting for affected passengers). s. 69(3) provides that regulatory proceedings may be stayed if

(a) a viable proposal could not be made in respect of the insolvent person if that subsection [69.6(2)] were to apply.

Given the dire financial circumstances of the company, expending resources on the regulatory proceedings will, in my view, undermine its ability to focus on securing new financing and making a proposal. The flurry of intense proceedings over the last two weeks will undoubtedly continue w/o a stay & will undoubtedly drain what few resources the company has - or may obtain - to make a proposal to all stakeholders.

(b) it is not contrary to the public interest that the regulatory body be affected by the stay provided by section 69 or 69.1.

I agree w/ counsel for SG & C-4 that there is no prejudice to the public interest from the stay & indeed the stay will enhance the public interest, for the following reasons:

1. SG is not flying. There are no ongoing flights being booked or passengers in the air. There is no new activity to be regulated.
2. SG has minimal funds. Forcing it to continue to respond to regulatory proceedings will dissipate these funds, ~~and~~ will not result in proper compensation to passengers. The best bet for all stakeholders, including passengers, is to pursue an orderly proposal process & to enable the company to seek financing for such purposes.
3. The proposal trustee (E+Y) will be seeking to identify all potential claimants, including passengers, & will act as an appropriate conduit for questions about compensation & requests for information.

I am granting a stay of the CTA's actions, suits & proceedings, on the following terms:

1. The stay is in effect only until Sept 28/15. The parties are to return to court on that day, regardless of whether SG is seeking a continuation of the stay. (I note that the court will have a more comprehensive picture at that time of SG's restructuring efforts).
2. The stay only applies to the CTA's actions, suits & proceedings that arise from SG's suspension of operations on Aug 27/15.
3. SG/E+Y shall do everything reasonably

Any questions or other correspondence in regard to this matter should refer to Case No. 15-03972 and be filed through the Agency's Secretariat e-mail address: secretariat@otc-cta.gc.ca.

BY THE AGENCY:

(signed)

Scott Streiner
Member

in their power to identify & quantify passengers' claims in the insolvency process.

4. SG shall respond to requests for information by the CTA, notwithstanding the stay.

5. SG/E+Y shall prioritize identifying any stranded passengers (if any). SG shall assist ^{passengers} with logistics & info requests ^(non monetary) promptly.

6. A copy of this endorsement shall be sent today via email to CTA's counsel & DR J.

7. All materials updating this court as to the situation & restructuring effort shall be delivered by no later than noon on Sept 24/15.

8. I make no determination of whether the CTA's ^{own motion} investigations are or are not subject to the automatic stay in s. 69 of the BIA.

9. Mr L may participate by telephone on Sept 28th (w/o conceding his standing). AM materials to be delivered by team

he wishes to determine may be done via
email to the CL Office or D SG's counsel
who ~~has~~ has undertaken to file them
with the CL Office .

Conway J .