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December 22, 2010

The Honourable Chuck Strahl
Minister of Transport, Infrastructure and Communities
Tower C - 330 Sparks St.
Ottawa, Ontario, Canada
K1A 0N5

URGENT

HAND DELIVERED

Honourable Minister:

Over 80% of the civil helicopters in Canada today are operated by HAC members. This association has been the voice of the Canadian Helicopter industry since 1994. We have 130 Operator-Members, and 117 Associates. We are the only Canadian association dedicated exclusively to the interests of the Canadian helicopter community. The members of the association require your attention on a matter of the utmost importance and urgency.

In 1999 the Minister of-the-day issued an exemption to the Canadian ownership requirements to Alpine Helicopters. The exemption was issued without opposition from this Association based on the 28% foreign ownership of Alpine's parent company. Oddly, the Minister chose to issue the exemption without an expiration date. In 2006 when Alpine's parent company was purchased by *Fortress Investments* (a company that appears to be wholly-foreign owned), and without the benefit of any further consultation, the 1999 exemption somehow survived the new ownership regime to apply to a company that was no longer 28% foreign owned - but appeared to be 100% foreign-owned. The original exemption should have been rendered invalid since the ownership circumstances that were cited in support of its original issuance no longer existed.

In the Fall of this year, Transport Canada undertook a "reassessment" of the exemption issued to Alpine Helicopters in 1999. Departmental staff chose to consult with stakeholders on the reassessment however, that process was so seriously flawed and dysfunctional that a number of our members have contacted us to indicate that they have been drawn inexorably to the conclusion that the process was calculated to limit input from stakeholders, to the benefit of Alpine Helicopters:

1. Stakeholders were never given a copy of the 1999 exemption or any of its associated terms and conditions. HAC did receive a copy of the original exemption, but only just prior to the close of the comment period – too late to use in our communications to members;

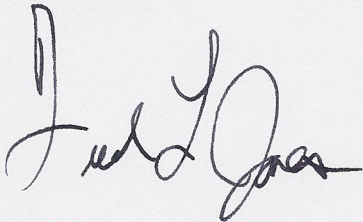
2. Stakeholders were never alerted by Transport Canada to the radical change in Alpine's foreign ownership structure which took place in 2006 – or even to the fact that the company was foreign-owned at all;
3. Only a handful of stakeholders received the invitation to comment from Transport Canada and they were given only *seven days* to respond to the request for comments – extended at our request to 14 days for the submission offered by HAC;
4. In the invitation to comment, stakeholders were told that they “must” send a copy of their submission to counsel for Alpine, while at the same time departmental staff asserted that they were unable to provide any more details with respect to Alpine's ownership circumstances citing confidentiality concerns.

In short, stakeholders were not provided with the most basic information on which to base their views, which were then subjected to the scrutiny of counsel for the applicant. At the very least, HAC believes that the flawed consultation process has compromised the credibility of the Minister, and it must be corrected going forward if the integrity of the process is to be restored.

In spite of the obstacles to full and fair consultation, roughly forty of our operator-members contacted the association in writing or on the phone to articulate their strong opposition to the continuance or re-issuance of Alpine's exemption. The matter has been regularly raised with HAC's Board of Directors and in three separate written submissions dated August 31, September 24 and November 18 2010 HAC has also given voice to the outrage of our members on this subject.

Alpine Helicopters under its 2006 foreign ownership structure has *already* enjoyed almost five years of unfair and unrestricted access to the Canadian helicopter market at the expense of the Canadian helicopter community and the public interest. The exemption to Alpine helicopters *must not* be extended or reissued except on terms that will allow them a short opportunity to restructure, and the unfair competition with Canadian operators that currently exists must cease immediately until Alpine Helicopters has brought itself in to compliance with the Canadian ownership requirements. We believe that they should not be given any more than one year to completely accomplish the necessary restructuring.

Sincerely,

A handwritten signature in black ink, appearing to read 'Fred Jones', with a stylized, cursive script.

Fred Jones BA LLB
President & CEO
Helicopter Association of Canada

Cc Dave Barry, President & CEO Alpine Helicopters
HAC Board of Directors