

EXHIBIT D-4

RE: Air Norterra Rate Change (tail nos. 782/783/784),

Currently M&E is charging Air Norterra \$850/flight hour for regular Mice Service (Heavy/Line/Engine/Component) as defined in the contract Schedule B, 1-4. My understanding is that this rate was originally intended to capture fully allocated costs plus a reasonable markup (approx. 15%). The breakdown of this \$850/hr rate based on Richard's original analysis is as follows;

Heavy Mice	\$209/hr	
Line Mice	\$126/hr	
Component	\$133/hr	
Engine Mice	\$250/hr	
Overhead	\$132/hr	- 18.4%
TOTAL	\$850/hr	

$810 + \frac{56}{122} = 932$

This rate was based on historical B737 costs between 1995-1997 and does not include capital investment and holding costs of inventories and materials support.

Due to factors such as an increase in structural/sunser mods in Heavy Mice, outsourcing our JT8s to MTU and inflation (approx. avg. 1.5%/year since 1996) at a rate of \$850/hr we are no longer recovering our operating costs.

Based on more current data our current recovery costs would be as follows:

Heavy Mice	\$245/hr	increase of \$36 (or 17%)
Line Mice	\$133/hr	increase of \$7 (or 5%)
Component Mice	\$149/hr	increase of \$16 (or 12%)
Engine Mice	\$285/hr	increase of \$35 (or 14%)
Overhead	\$138/hr	increase of \$6 (or 4%) → 17%
TOTAL	\$950/hr	increase of \$100 (or 12%) →

If as discussed with Michael/Corin and Ryan on February 7th, we agree to straight cost recovery in M&E I recommend a rate increase from \$850/hr to \$950/hr retro to January 1, 2000.

Regards,
Dorothy.

$810 + 5\% = 850$
 $* = 56 = \text{markup}$

Para
6, 7
5 pages

Canadian North Aircraft Maintenance Proposal

Proposal is subject to Air Canada Executive approval

Heavy Mtce

HMV 22,000 mh
"C" 5,250 mh

PBH Rate per Flying Hour (CDN)	Year 1	Year 2	Year 3	Year 4	Year 5	Average
	\$581	\$490	\$397	\$510	\$516	\$499

Component Mtce

PBH Rate per Flying Hour (CDN)	Year 1	Year 2	Year 3	Year 4	Year 5	Average
	\$134	\$137	\$141	\$145	\$149	\$141

Line Maintenance

PBH Rate per Flying Hour (CDN)	Average					
	\$211	\$212	\$212	\$219	\$219	\$215

APU

PBH Rate per Flying Hour (CDN)	# of Aircraft					Average
	\$24	\$25	\$27	\$28	\$30	\$27
	5	5	5	5	5	

1081⁰⁰

MOC

PBH Rate per Flying Hour (CDN)	# of Aircraft					Average
	\$131	\$131	\$131	\$131	\$131	\$131
	5	5	5	5	5	

~~1081~~
12.63
131
1132

Engines

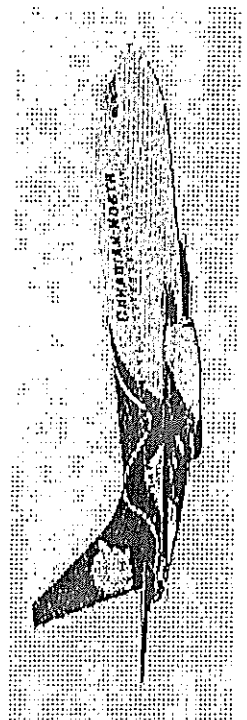
PBH Rate per Flying Hour (CDN)	Average					
	\$334	\$118	\$250	\$265	\$281	\$250

182⁰⁰ increase

Total

\$1,263

\$1015



Canadian North Aircraft Maintenance Proposal

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Heavy Mtce

	2004	2005	2006	2007	2008	Average
PBH Rate per Flying Hour (CDN)	\$581	\$490	\$397	\$510	\$516	\$499
	Year 1	Year 2	Year 3	Year 4	Year 5	
						245

Component Mtce

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
PBH Rate per Flying Hour (CDN)	\$134	\$137	\$141	\$145	\$149	\$141
						149

Line Maintenance

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
PBH Rate per Flying Hour (CDN)	\$211	\$212	\$212	\$219	\$219	\$215
						\$133

APU

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
PBH Rate per Flying Hour (CDN)	\$24	\$25	\$27	\$28	\$30	\$27
# of Aircraft	5	5	5	5	5	0

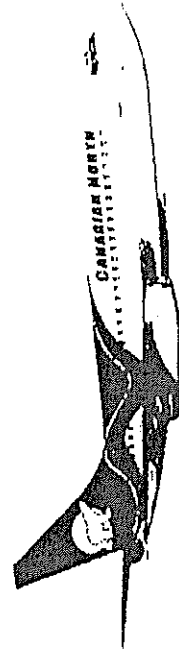
MOC

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
PBH Rate per Flying Hour (CDN)	\$131	\$131	\$131	\$131	\$0	\$131
# of Aircraft	5	5	5	5	5	0

Engines

	Year 1	Year 2	Year 3	Year 4	Year 5	Average
PBH Rate per Flying Hour (CDN)	\$354	\$1,001	\$398	\$281	\$447	\$496
						\$250
						138
						1081
						overhead
						\$1,013
						285
						131
						Sub Total

Nov 2/03 new57K.





INVOICE #:	02-8605-12-1
DATE:	February 3, 2012
CANADIAN NORTH INC	

A/C NUMBER	PERIOD		ACTUAL HRS	RATE	TOTAL
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ACTUAL MONTHLY FLIGHT HOURS FOR THE FOLLOWING AIRCRAFT:

A/C 523	JANUARY 1-31, 2012	B737-200 A/C 523 FSN 22729, C-GKCP	123.30	886.33	\$109,284.49
A/C 552	JANUARY 1-31, 2012	B737-200 COMBI A/C 552 FSN 21294, C-GPPW	132.90	886.33	\$117,793.26
A/C 586	JANUARY 1-31, 2012	B737-200 A/C 586 FSN 23074, C-GCNV	84.00	886.33	\$74,451.72
A/C 562	JANUARY 1-31, 2012	B737-200 COMBI A/C 562 FSN 22877, C-GNDU	99.00	886.33	\$87,746.67
A/C 582	JANUARY 1-31, 2012	B737-200 COMBI A/C 582 FSN 22160, C-GOPW	117.70	886.33	\$104,321.04
A/C 583	JANUARY 1-31, 2012	B737-200 COMBI A/C 583 FSN 22618, C-GSPW	185.00	886.33	\$163,971.05
A/C 584	JANUARY 1-31, 2012	B737-200 COMBI A/C 584 FSN 22056, C-GDPA	166.80	886.33	\$147,839.84
TOTAL CAD			908.70		<u>\$805,408.07</u>

\$805,408.07

DEPT	AREA	RATE	% CHARGED	AMOUNT	TAXES	TOTAL
8332	MTCCOM	\$435.19	49.10%	\$395,462.43	\$19,773.12	\$415,235.55
8190	MTCO TH	\$13.36	1.51%	\$12,140.62	\$607.03	\$12,747.65
8184	MTCPP	\$139.87	15.78%	\$127,104.62	\$6,355.23	\$133,459.85
8465	MTCO TH	\$8.55	0.95%	\$7,771.48	\$388.57	\$8,160.06
8678	MTCAIR	\$289.35	32.65%	\$262,928.92	\$13,146.45	\$276,075.37
		\$886.33	100.00%	\$805,408.07	\$40,270.40	\$845,678.47

Not Balance

230910 (DEFERRED REVENUE) - 8A0000000

	AMOUNT	TAXES
8332	\$395,462.43	\$19,773.12
8184	\$127,104.62	\$6,355.23
	\$522,567.05	\$26,128.35

450200 ACCOUNT - JL0000000

	AMOUNT	TAXES
8190	\$12,140.62	\$607.03
8465	\$7,771.48	\$388.57
8678	\$262,928.92	\$13,146.45
	\$282,841.02	\$14,142.05