

# LETTER OF AGREEMENT

COPY

**B E T W E E N:**

**AIR CANADA**

**"Air Canada"**

**- and -**

**AVEOS FLEET PERFORMANCE INC.**

**"Aveos"**

**- and -**

**INTERNATIONAL ASSOCIATION OF MACHINISTS AND  
AEROSPACE WORKERS**

**"IAMAW" or "Union"**

**WHEREAS** the IAMAW, Air Canada and Aveos are party to a Memorandum of Agreement concerning the orderly transition of certain Air Canada Employees to Aveos consequent on the sale of ACTS LP ( the "MOA");

In the following, all capitalized terms have the meaning assigned to them in the MOA.

**WHEREAS**, under Transition Options 3 and 4 of the MOA, Eligible Employees assigned to work for the benefit of Aveos are given options to retire or resign in order to accept a one-time offer of an available position from Aveos in the employee's basic category and basic classification;

**WHEREAS**, under Section VII.B.4, such employees selecting Options 3 and 4 who are working in above-basic categories or classifications on the CIRB Date may be temporarily transferred and expected to perform functions in his/her former above-basic or higher category/classification until Aveos finds suitable replacements;

**WHEREAS**, in Toronto, Aveos' operations include the above-basic positions of Licensed Technical Instructor and Technical Instructor, but do not include any positions in basic categories or classifications;

**NOW, THEREFORE**, the parties agree that Licensed Technical Instructors or Technical Instructors holding basic seniority in Toronto, who select Option 3 or 4 and who are temporarily assigned to perform above-basic functions in Toronto shall, at the end of the temporary assignment, select a new home base at Aveos.

The employees will be offered their choice, in order of seniority, of available basic positions at all Aveos bases, and will thereafter exercise their seniority at the base selected.

**THIS AGREEMENT** made as of the 8<sup>th</sup> day of January, 2009

**AIR CANADA**



Per: Kevin Howlett

**AVEOS FLEET PERFORMANCE INC.**



Per: Alex Emile-Gold-Dalg

**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE WORKERS**



Per: Jim Coller



Per: Tony Didoshak



Per: Chuck Atkinson

# LETTER OF AGREEMENT

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**WHEREAS** the IAMAW, Air Canada and Aveos are parties to a Memorandum of Agreement concerning the orderly transition of certain Air Canada Employees to Aveos consequent on the sale of ACTS LP (the "MOA");

**WHEREAS** a condition precedent set out in the MOA is the execution of an agreement between Air Canada and Aveos providing that Aveos is to remain the exclusive provider of heavy maintenance services to Air Canada, as set out in the Services Agreement for Airframe Heavy Maintenance Services, as amended, being Appendix 1 to the General Terms Agreement between Air Canada and Aveos ("**Services Agreement**"), until June 30, 2013;

**WHEREAS** Air Canada and Aveos have indeed executed on January 8, 2009 a further amendment to the Services Agreement providing that Aveos is to remain the exclusive provider of Airframe Heavy Maintenance Services to Air Canada until June 30, 2013;

**WHEREAS** Air Canada, Aveos and the IAMAW have further agreed that Air Canada will continue to follow established practice respecting day of aircraft on ground damage ("**AOG**") work performed by Air Canada and/or Aveos until June 30, 2013, irrespective of whether that work is specifically referred to in the Services Agreement;

**WHEREAS** the IAMAW is party to a Collective Agreement with Air Canada and with ACTS LP containing provisions restricting the sub-contracting of bargaining unit work;

**WHEREAS** the parties recognize that the CIRB may issue a decision splitting the current IAMAW TMOS bargaining unit to create two distinct bargaining units for Air Canada and Aveos;

**WHEREAS** the parties' intention in making the Services Agreement a condition of the MOA and in reaching the agreement concerning AOG work is to ensure the continued effect of negotiated job security provisions (i.e. Article 20.07 of the Collective Agreement(s)) following any decision to split the unit;

**WHEREAS** the parties agree that, in the event that the IAMAW bargaining unit is split, the IAMAW must be able to continue to ensure that Air Canada heavy maintenance work normally to be performed by Aveos under the Services Agreement and AOG work performed in accordance with established practice at Aveos will be performed, until June 30, 2013, by the members of the IAMAW Air Canada and/or Aveos bargaining units, subject only to the substantive conditions set out the Collective Agreements or any renewal or amendment thereof under which sub-contracting is permissible.

**WHEREAS** it is acknowledged that no provision of this Letter of Agreement ("Letter") has the effect of modifying the terms of the Services Agreement or the General Terms Agreement.

**WHEREAS** the Services Agreement and the General Terms Agreement contain provisions that specify limited conditions under which Air Canada and Aveos (the "Companies") are, as between themselves, authorized to take actions which could result in maintenance services contemplated therein relating to Air Canada aircraft being performed outside either the Air Canada or Aveos IAMAW bargaining units, including provisions setting out specific circumstances under which:

- a. Air Canada is authorized to obtain such heavy maintenance services from a provider other than Aveos;
- b. Aveos is authorized to sub-contract such heavy maintenance services contracted to it by Air Canada to a third party;
- c. Air Canada or Aveos is authorized to terminate the agreement prior to June 30, 2013.

**NOW, THEREFORE, THE PARTIES AGREE:**

1. In the event that either Air Canada or Aveos takes a decision that would result in heavy maintenance work normally to be performed by Aveos under the Services Agreement, or AOG work which, pursuant to the established practice referenced above, would normally be performed at Air Canada or Aveos being performed outside either the Air Canada or Aveos IMAW bargaining units, the Company that took such decision will provide to the IMAW the notice and information required under Article 20.07.02 of the respective Collective Agreements.
2. Upon receipt of such a notice the IMAW may refer to final and binding arbitration the issue of whether a Company's actions that are the subject of the notice are in accordance with its obligations under the relevant Collective Agreement. The IMAW may also refer to final and binding arbitration any alleged contravention of established practice respecting AOG.
3. In an arbitration under paragraph 2:
  - (a) The parties will be the IMAW, Air Canada and Aveos. In appropriate circumstances, a Company may be relieved by the Arbitrator from any requirement to attend at the hearing;
  - (b) The Company that gave or should have given notice under paragraph 1 to the IMAW will adduce all material facts within its knowledge;
  - (c) Air Canada maintenance work normally to be performed by Aveos under the Services Agreement and AOG work normally performed by Aveos shall be recognized as the work of the bargaining unit under the Aveos Collective Agreement or any renewal or amendment thereof, and any action by Air Canada to engage a provider other than Aveos to perform such work is subject to review under Article 20.07 of the Collective Agreements or any renewal or amendment thereof.
4. The arbitrator in an arbitration under paragraph 2 will have all the powers of an arbitrator under the *Canada Labour Code* (the "Code") including the authority to order pre-hearing production and disclosure.
5. For greater certainty, the arbitrator, having concluded that there is a violation of a Collective Agreement, will have remedial authority to:
  - a. Ensure that work originating with Air Canada is performed by members of either the Air Canada or Aveos IMAW bargaining units, and to take any necessary steps to achieve this result;

- b. Order remedies in accordance with the Code and the applicable Collective Agreement, including penalties, as the arbitrator determines to be appropriate.
6. The parties agree that section 63 of the Code will apply to this arbitration process, with necessary modifications.
7. The parties agree that the arbitrator shall have no jurisdiction to revise, alter or amend any of the provisions of the Collective Agreements, the Services Agreement, the General Terms Agreement or this Letter of Agreement.
8. The parties agree that an arbitration under paragraph 2 will be before arbitrator Martin Teplitsky, unless Mr. Teplitsky is unable or unwilling, in which case the matter will be referred to a mutually agreed-upon alternative arbitrator, or an alternative arbitrator appointed by the Minister of Labour.
9. In this document capitalized terms have the meaning assigned to them in the MOA unless otherwise specified.
10. For greater certainty, this agreement will be incorporated into the Collective Agreements between the parties as of the coming into force of the MOA and will continue in effect until June 30, 2013, upon which date this Letter will terminate and cease to have any force or effect.

**THIS AGREEMENT** made as of the 8<sup>th</sup> day of January, 2009

**AIR CANADA**



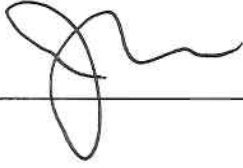
Per: Kevin Howlett

**AVEOS FLEET PERFORMANCE INC.**

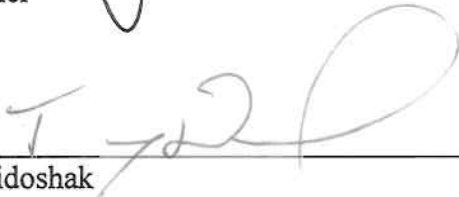


Per: Alex Emile-Gold-Dalg

**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE WORKERS**



Per: Jim Coller



Per: Tony Didoshak



Per: Chuck Atkinson

LETTER OF CLARIFICATION

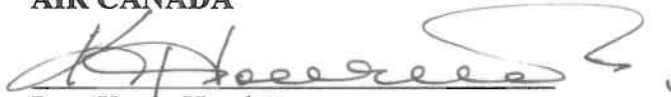
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For purposes of clarification and as discussed by the parties during the negotiations for the Memorandum of Agreement, the intent of the parties is:

1. The Memorandum of Agreement neither expands nor contracts the rights of any of the parties.
2. The Letter of Agreement appended to the Memorandum of Agreement re Article 20.07 includes current and future fleet, engines and components.
3. This Letter of Clarification does not alter or amend the General Terms Agreement, and any of its appendices, between Air Canada and Aveos.

DATED this 8<sup>th</sup> day of January, 2009.

**AIR CANADA**



Per: Kevin Howlett

**AVEOS FLEET PERFORMANCE INC.**



Per: Alex Emile-Gold-Dalg

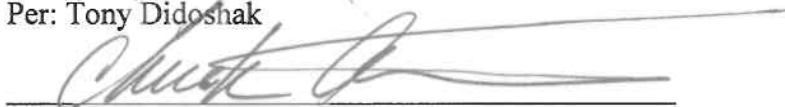
**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE WORKERS**



Per: Jim Coller



Per: Tony Didoshak



Per: Chuck Atkinson



# LETTER OF UNDERSTANDING

COPY

BETWEEN:

**AIR CANADA**

**“Air Canada”**

- and -

**AVEOS FLEET PERFORMANCE INC.**

**“Aveos”**

- and -

**INTERNATIONAL ASSOCIATION OF MACHINISTS AND  
AEROSPACE WORKERS**

**“IAMAW” or “Union”**

WHEREAS, pursuant to the Memorandum of Agreement between the parties signed on January 8, 2009 (hereinafter the “MOA”), and in application thereof, the parties have come to the following understandings with respect to certain matters pertaining to the transition process.

**NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:**

1. All capitalized terms used herein have the meanings ascribed to them in the MOA, as applicable.

2. **Trenton Operations:**

Employees currently assigned to the Trenton Operations shall be considered as Eligible Employees under the MOA and as such, shall be eligible to select any Transition Option defined in Section III of the MOA

Employees who accept employment with Aveos under Transition Option 2, 3, 4 or 5 shall in accordance with the MOA become employees of Aveos on the Transition Date and their rights governed accordingly. Such employees shall work in Trenton and shall be required to select a new home base should their current home base not be an Aveos point of operation.

Employees who select to remain an employee of Air Canada under Transition Option 1, including employees who are unable to hold employment with Air Canada as a result of the application of the MOA, may remain assigned to work for the benefit of Aveos under the terms of the General Services Agreement in accordance with Section VI of the MOA.

Air Canada shall be responsible for all costs relating to the relocation of employees who are so entitled under the Trenton Agreement having chosen Transition Option 1.

3. **EAP:**

Aveos agrees that the current EAP funding arrangements between Air Canada and the IAMAW pertaining to the In-Kind allocation of \$20 per active employee will remain applicable at Aveos. In addition Aveos agrees that it will make any application necessary to continue the EI rebate program upon request by the IAMAW.

4. **Shop Committees:**

Current Shop Committee members at Air Canada and Aveos common points of operation shall continue to provide services to employees of both Companies until the applicable provisions of the respective Collective Agreements have been reviewed during the 2009 negotiations and new committees consequently appointed or elected at each company.

Air Canada and Aveos agree that the costs of the Shop Committee members shall be divided between Air Canada and Aveos on a prorated basis, based on the IAMAW employee population in each respective company.

5. **Negotiation Committees:**

Air Canada and Aveos agree to pay the salaries of Negotiating Committee members in accordance with the collective agreements for their respective negotiations.

6. **General Chairman Transition:**

The two (2) General Chairmen currently on leave of absence from Air Canada shall be considered Eligible Employees under the MOA and, as such, shall be eligible to select any Transition Option defined in Section III of the MOA.

Should a General Chairman select employment with Aveos under Transition Option 2 or 5, the implementation of his choice shall be deferred to the end of his term of office and he shall consequently not become an employee of Aveos until such later date. The terms of employment with Aveos outlined in Section VII. A. of the MOA shall apply at such later date, with the exception that such employee will not be covered by Schedule 3 and may exercise any pension portability rights as provided for under Section 7 of the Fourth Supplement to the Pension and Benefits Agreement.

7. **Letter of Understanding # 9 (LOU#9):**

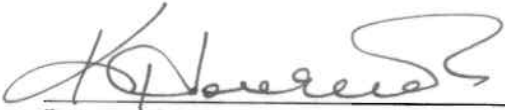
The parties recognize that in implementing the transition process provided for in the Memorandum of Agreement, the application of LOU#9 may need to be temporarily

suspended or modified in order to meet training and certification requirements in the filling of positions at either Aveos or Air Canada.

It is agreed that the parties will take steps to obtain authorization to grant the Transition Committee full authority to deal with any required amendment or suspension of LOU#9.


**THIS AGREEMENT** made as of the 8<sup>th</sup> day of January, 2009

**AIR CANADA**



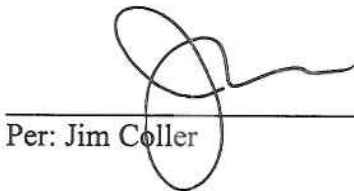
Per: Kevin Howlett

**AVEOS FLEET PERFORMANCE INC.**

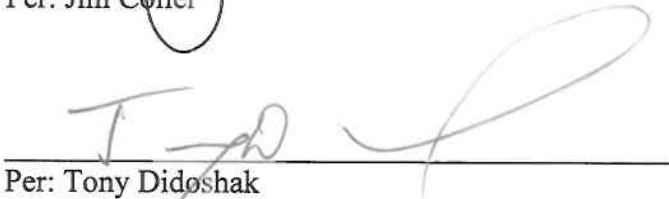


Per: Alex Emile-Gold-Dalgar

**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE WORKERS**



Per: Jim Coller



Per: Tony Didoshak



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