

No: 500-11-042345-120

EXHIBIT R-1d)

**(In support of the Motion for authorization to cancel
a letter of credit and to make certain distributions)**

**FOURTH SUPPLEMENT
TO THE PENSION AND BENEFITS AGREEMENT**

THIS AGREEMENT is made as of January 8, 2009.

AMONG:

AIR CANADA

- and -

AVEOS FLEET PERFORMANCE INC.

WHEREAS:

- A. The parties hereto are parties to a Pension and Benefits Agreement made as of June 22, 2007 (the "PBA"), to the first supplemental agreement to the PBA made as of October 16, 2007 ("Supplement 1"), to the second supplemental agreement made as of October 28, 2008 ("Supplement 2") and to the third supplemental agreement made as of January 7, 2009 ("Supplement 3").
- B. KSAGE MRO Holdings Inc., the Purchaser under the PBA, changed its name to ACTS Aero Technical Support & Services Inc., and subsequently to Aveos Fleet Performance Inc., so accordingly Aveos Fleet Performance Inc. is referred to herein as the "Purchaser".
- C. Air Canada and the Purchaser have entered into a memorandum of agreement with the International Association of Machinists and Aerospace Workers (the "Union") made as of January 8, 2009 (the "MOA") governing the transfer of certain Union members' employment from Air Canada to the Purchaser.
- D. The terms of transfer set forth in the MOA differ in certain respects from what the parties originally contemplated in the PBA.
- E. It is desirable to modify the PBA in this fourth supplemental agreement ("Supplement 4") to ensure that the terms and mechanics of the pension and benefits transition properly reflect the agreement of Air Canada, the Purchaser, and the Union as set forth in the MOA.

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NOW THEREFORE, in consideration of the premises and covenants and agreements contained in the PBA, Supplement 1, Supplement 2, Supplement 3 and this Supplement 4, and other good and valuable consideration, the receipt and sufficiency of which the parties hereto acknowledge, the parties hereto agree as follows:

1. All capitalized terms used in this Supplement 4 and not otherwise defined herein shall have the meanings ascribed to them in the PBA, Supplement 1, Supplement 2, Supplement 3 or the MOA (including its Schedules), as applicable.
2. This Supplement 4 shall be a supplement to the PBA. In the event of any inconsistency between the PBA, Supplement 1, Supplement 2 or Supplement 3 on the one hand and this Supplement 4 on the other, this Supplement 4 shall prevail. In the event of any inconsistency between this Supplement 4 and the MOA, this Supplement 4 shall prevail as between the parties hereto and the MOA shall prevail as between the Union on the one hand and Air Canada and the Purchaser on the other.
3. Notwithstanding Section 1 of the PBA, and effective as of the Selection Closure Date, "Certification Date" for all purposes of the PBA, Supplement 1, Supplement 2, Supplement 3 and Supplement 4 shall mean the Transition Date applicable to: (i) Eligible Employees who select or are deemed to select Transition Option 2 (including, for greater certainty, Eligible Employees who are on temporary layoff on or after June 1, 2008 who select Transition Option 2) or who select Transition Option 5, (ii) the Air Canada Employees who accept employment with the Purchaser under Section V(B)3 of the MOA, and (iii) any Winnipeg Finance Employees mentioned in Schedule 2 to the MOA who become employed by the Purchaser on the Transition Date.
4. Notwithstanding Section 1 of the PBA, and effective as of the Certification Date, "AC Unionized Plan Beneficiaries" shall mean:
 - (i) those Eligible Employees who select or are deemed to select Transition Option 2 (including, for greater certainty, Eligible Employees who are on temporary layoff on or after June 1, 2008 who select Transition Option 2) or who select Transition Option 5,
 - (ii) the Air Canada Employees who accept employment with the Purchaser under Section V(B) 3 of the MOA, and
 - (iii) any Winnipeg Finance Employees mentioned in Schedule 2 to the MOA who become employed by the Purchaser on the Transition Date.

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For greater certainty, Eligible Employees who select Transition Option 1, 3, 4, 6 or 7 and who do not accept employment with the Purchaser under Section V(B)3 of the MOA shall not be considered to be AC Unionized Plan Beneficiaries as from the Certification Date, and the PBA shall not apply in respect of such Eligible Employees. Except to the limited extent provided in paragraph 7 of this Supplement 4, the PBA shall not apply in respect of the General Chairmen referred to in the Letter of Understanding entered into between Air Canada, the Purchaser and the Union on January 8, 2009 (the "LOU").

5. As soon as practicable following the Certification Date, Air Canada's actuary shall determine the Unionized Closing Date Liabilities, the Unionized Disability Liability and the Unionized Retiree Liability for the AC Unionized Plan Beneficiaries, and Air Canada shall provide the results of its calculations to the Purchaser. All the provisions of the PBA relating to such calculations, including without limitation Section 59 and Section 61 thereof, shall apply to the calculations described herein. For purposes of the calculation of the Unionized Disability Liability following the Certification Date, only those Unionized Employees on Leave who are AC Unionized Plan Beneficiaries shall be taken into account.
6. For greater clarity, except to the extent that the provisions of Supplement 1 relating to LC 6 are amended pursuant to Supplement 3, the provisions of Supplement 1 relating to LC2, LC4, and LC6 and the associated quarterly payments, including without limitation Sections 8, 15, and 21 thereof, shall continue to have application.
7. As necessary, the Purchaser shall amend the Purchaser's DB Plan, and Air Canada shall amend the AC DB Plans, so as to permit:
 - (i) any Air Canada Employee who is on permanent layoff on the CIRB Date, whose name appears on the Seniority Lists and who holds recall rights in categories and classifications used at the Purchaser at points at which both the Purchaser and Air Canada have operations involving those categories and classifications, and who becomes employed by the Purchaser prior to the expiry of their recall rights; and
 - (ii) any Eligible Employee who is on temporary layoff on or after June 1, 2008 who chooses pursuant to Section V(A) of the MOA to be treated in the same manner as Air Canada Employees on permanent layoff on the CIRB Date, should they have the opportunity and elect to be employed by the Purchaser at a future date once the process under the MOA has been completed; and
 - (iii) the General Chairmen referred to in the LOU,

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to exercise portability rights under the Applicable Legislation and transfer their accrued pension benefit credits under the applicable AC DB Plan (if any) to the Purchaser's DB Plan, subject to any limits imposed by Applicable Legislation. For greater certainty, no such Air Canada Employee will be considered to be an AC Unionized Plan Beneficiary for purposes of the PBA, and nothing in this Supplement 4 shall require Air Canada to make any payments to the Purchaser in respect of such an employee (or for the Purchaser to make any payments to Air Canada). Furthermore, Air Canada shall remain responsible for any vested non-pension benefits accrued by such individuals while employed by Air Canada, and the Purchaser will not assume any responsibility for such benefits.

8. For greater certainty, notwithstanding any other provision of this Supplement 4 or the MOA, the Purchaser shall not be liable for any liabilities, costs, or expenses related to pensions or post-retirement benefits that may be incurred by Air Canada as a result of an Air Canada Employee selecting Transition Option 3, 4, 6, or 7.
9. The parties recognize that the PBA may have to be further amended in order to take into account the results of the arbitration contemplated in Section VIII(B) of the MOA.
10. **[This Section is Intentionally Left Blank]**
11. This Supplement 4 may be executed by the parties in separate counterparts, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

[Signature page follows.]

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AIR CANADA

APPROVED
AS TO LAW
[Signature]

By: *[Signature]*

Name

Montle Brewer
President and
Chief Executive Officer

Title

AVEOS FLEET PERFORMANCE INC.

APPROVED
AS TO LAW
[Signature]

By: *[Signature]*

Name

Title

No 500-11-042345-120

SUPERIOR COURT (Commercial Division)
DISTRICT OF MONTRÉAL

IN THE MATTER OF THE PROPOSED PLAN OF
COMPROMISE AND ARRANGEMENT OF :

AVEOS FLEET PERFORMANCE INC. / AVEOS
PERFORMANCE AÉRONAUTIQUE INC.

And
AERO TECHNICAL US, INC.

Insolvent Debtors/Petitioners

And
FTI CONSULTING CANADA INC.

Monitor

And
AIR CANADA and
CANADIAN IMPERIAL BANK OF CANADA
And AL.

Mises-en-cause

Me Roger P. Simard/ Our file: 548732-001

EXHIBIT R-1d)



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