

MEMORANDUM OF AGREEMENT

BETWEEN:

Canadian Union of Public Employees, Airline Division,  
Air Canada Component  
("CUPE" or the "Union")

SOURCE	13
Eff.	20090701
Term.	20110331
No. of employees	6540
Initial	22

-and-

Air Canada  
(the "Company")

WHEREAS the Collective Agreement between the **Company** and CUPE (the "Parties") expires on **June 30, 2009** (the "Collective Agreement");

WHEREAS the Parties acknowledge **the** need for the **Company** to access additional funds to improve its liquidity situation at the present time;

WHEREAS **the** Parties understand **the** importance of **the Company** securing the investment of capital **and** the **importance** of labour **stability** to obtaining that investment;

**WHEREAS the Parties recognize** that **obtaining additional** funds **and** investment is important to avoid filing under the *Companies' Creditors Arrangement Act* or **the Bankruptcy and Insolvency Act** or **similar** proceedings and the desirability of doing so;

**NOW THEREFORE the parties have agreed as follows:**

1. Subject only to the modifications set out **in** Appendix A attached hereto, the Collective Agreement is renewed effective July 1, 2009, until March 31, 2011 (the "Renewal Period").
2. For greater certainty, during the Renewal Period, **neither** party shall have the right to **strike** or lockout, as per **the Canada Labour Code**.
3. For further certainty, **during** the Renewal Period there shall be no changes to the terms and conditions of **the** Collective Agreement including, without limitation, (i) no wage rate increases, (ii) no changes to pension benefit levels, nor (iii) **any** changes to **group insurance** coverage **or** benefits.
4. Upon this Memorandum of Agreement **coming into force**, the provisions set out in Appendix B **attached** hereto, the "**Pension Memorandum of Understanding**" shall also **come into force**.

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5. In the event that the Company becomes subject to the Companies' *Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act* or similar proceedings, while the Pension Memorandum of Understanding signed by CUPE is in effect, section 19 of the Pension Memorandum of Understanding shall apply, and whether the Pension Memorandum of Understanding is in effect or not, there shall be no amendments to the Collective Agreement except on consent of the parties.
6. Nothing in paragraph 1 shall preclude either party from attempting to secure, through negotiations for the renewal of the Collective Agreement at the end of the Renewal Period, changes to the Collective Agreement with retroactive effect from the commencement of the Renewal Period.
7. If, in negotiating a renewal or extension to a collective agreement expiring in 2009 or during the Renewal Period, any other Air Canada group negotiates an across the board improvement to wage rates, work rules, benefits (including medical, dental and life insurance and sickness and disability benefits) or other compensation to take effect during the Renewal Period, the same improvement will be incorporated in the Collective Agreement, unless it is inapplicable, in which case other improvements of equal proportional value will be granted. This does not apply to any improvement whose cost is intended to be offset by cost reductions or productivity gains negotiated at the same time.
8. CUPE will be permitted to review Air Canada's "Five Year Plan" of April 21, 2009, and shall be granted reasonable access to that document, subject to those conducting the review agreeing to the terms of a Non-disclosure Undertaking substantially in the form used for the Union-Management quarterly financial update meetings. Air Canada shall continue to provide quarterly financial updates in accordance with its practice.
9. Air Canada agrees that during the Renewal Period it shall not sell its interest in Air Canada Cargo or Air Canada Ground Handling Services, provided this undertaking shall not apply to any sale or other disposition of those businesses pursuant to a lender requirement.
10. CUPE will be granted access to a copy of the agreement reached in May 2009 concerning credit card processing financial arrangements, subject to Air Canada obtaining any consent for such disclosure from the relevant credit card processors, which Air Canada shall use reasonable efforts to obtain and each of CUPE's representatives who access such agreements having executed a Non-disclosure Undertaking acceptable to Air Canada and based on the terms of a Non-disclosure Undertaking substantially in the form used for the Union-Management quarterly financial update meetings.
11. This Memorandum of Agreement remains in full force and effect even if the Pension Memorandum of Understanding ceases to have effect.

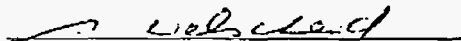
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12. This Memorandum of Agreement as a whole will be subject to ratification by CUPE in accordance with its Constitution and By-laws. Both parties commit to recommend and fully endorse the ratification of this Memorandum.

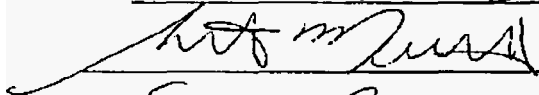
13. This Memorandum of Agreement shall not limit the Parties ability to agree to changes to the Collective Agreement and/or the working conditions of the employees represented by CUPE on matters and of the kind they usually consider during the life of a collective agreement and which usually take the form of documents ancillary to the Collective Agreement (such as Memorandums of Understanding, Memorandums of Agreement, Minutes of Settlement and Letters of Understanding) once agreed upon.

Signed this 22nd day of June, 2009 at Toronto.

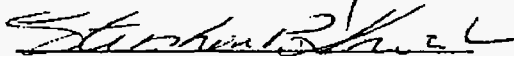
Air Canada



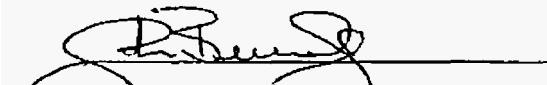
Per: SUSAN WELSCHEID



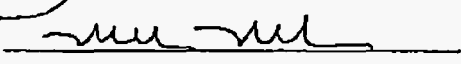
Per: Scott Miley



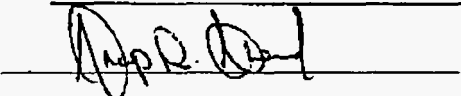
Per: STEPHEN KULES



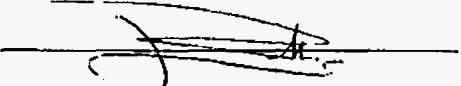
Per: John Beveridge



Per: Michael Nicholas



Per: ANUP R ANAND.

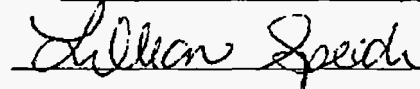


Per: MARK S. BAIK

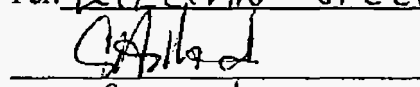
Canadian Union of Public  
Employees, Airline Division, Air  
Canada Component



Per: K.T. THOMPSON



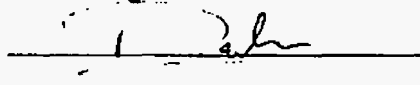
Per: WILLIAM SPEEDIE



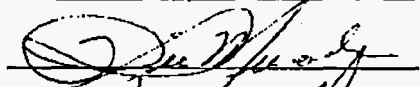
Per: SUSAN HOLLAND



Per: DEA PASINI



Per: DAVID PACHECO



Per: Ricardo Miranda



Per: Kaitly Ametack



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**Per:** \_\_\_\_\_

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**Per:** \_\_\_\_\_

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**Per:** \_\_\_\_\_

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**Per:** \_\_\_\_\_

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**Per:** \_\_\_\_\_

## Appendix "A"

**Air Canada and CUPE agree to amend the provisions of the Collective Agreement as follows:**

1. The following Note shall be added following Article 7.02:

Air Canada shall implement an electronic means to allow Cabin Personnel to view onboard crew meals and layover meal expenses, however, such means may not provide real time information but shall be kept reasonably up to date.

2. Article 18.07.06 shall be replaced with the following:

An employee transferring under the provisions of Article 18.04 will be given a minimum of thirty (30) days notice before effecting the transfer unless otherwise mutually agreed to between the employee and the Company.

3. Article 4.02.02 shall be replaced with the following:

Aircraft Assignment - A **Service** Director position will be included in the aircraft complement on all the following aircraft types: E175, E190, A319, A320, A321, A330, B767, B777 and B787.

4. Article 6.03.03.02 and the Note following shall be amended to include the **E175 and E190 aircrafts**.

5. The following sentence shall be added to the end of Article 7.01.04 to read as follows:

Ground transportation provided between an airport and a downtown layover accommodation will proceed directly to and from the layover location(s), unless for reasons beyond the Company's control.

6. Article 14.02 shall be replaced to read as follows:

During an interview between the Company and the employee, and where disciplinary action is contemplated, or where a performance meeting is held, the employee may request the presence of a Union representative. If practicable, the Company shall provide the employee with reasonable prior notice of the interview in writing, informing the employee of the alleged misdemeanor(s) and of his/her right to have a Union representative present. The Company will also, if practicable, notify the Union's Local Base President of the interview via e-mail.

7. Insert anew Article 14.02.01 to read as follows:

Before the interview begins, Air Canada will ensure that the employee is aware of the nature of the alleged misdemeanor(s). Air Canada will permit the employee, should he or she so choose, a reasonable period of time to speak to a Union representative before the interview begins. Once the interview begins, Air Canada will provide a copy of any

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documentation, which **may** be redacted to exclude personal information,, for **the** employee and Union's immediate review.

NOTE: The foregoing is conditional upon the Union's withdrawal and permanent discontinuance of the unfair labour practice complaint filed **with** the Canada Industrial Relations Board (26845-C).

**8. Article 8.09.03.01 shall be replaced with the following:**

Where **a** Service Director's vacation consists of part of **a** block month, the Service Director shall be paid at the aircraft rate operated in that block **month**, or the aircraft rate awarded using **the** Preferential Bidding System for that block **month**, whichever is **greater**. Where more than **one type** of Aircraft is operated in the block month, or awarded using the Preferential Bidding System for that block **month**, his/her vacation pay will be calculated **using** the formula outlined in Article 5.11.01.

**9. A new Note shall be added following Article 8.09.03.01 to read as follows:**

Note: Until such time as the relevant payroll systems **are** updated, the Service Director will **be** required to submit a pay claim when the aircraft rate awarded using the Preferential Bidding System **is** higher **than** operated.

**10. Insert a new Article 5.11.03.04 to read as follows:**

**Service Director / Flight Attendant** – All flights assigned to Reserve **Blockholders** under voluntary extension **on** a non-inviolate day **off** will be paid over and above the Minimum Monthly Guarantee

**11. A new Note shall be added following Article 5.11.03.04 to read as follows:**

Note: Until **such** time **as** the relevant payroll systems are updated, the Reserve Blockholder will be required **to** submit a pay claim.

**12. Article 6.04.04 shall be replaced with the following:**

**Recurrent Safety Training** - For the purpose of calculating total credits for recurrent safety **training**, the lunch period normally provided will not be included in the total hours. Payment of credits will be in accordance **with** Article 5.10 (Ground Duties - Days **OFF Only**).

**13. Article B5.05.03 shall be replaced with the following:**

**General:** Where the scheduled layover is sixteen (16) hours or **less**, **the** location **of** the hotel accommodation will **be at** the Company's discretion.

Where the **scheduled** rest period is greater than sixteen (**16**) hours, accommodation will normally **be** provided **at** a downtown hotel.



**14. Insert a new Article 7.06 to read as follows:**

Cabin Personnel ~~who~~ renew their passports to ensure that it remains valid **at** all times to ~~meet~~ the entry requirements of any **Air Canada** destination shall, upon submitting a receipt, be **reimbursed to a maximum** of eighty-seven dollars **(\$87)** for a renewal which takes place during the **term of the** Collective Agreement.

**15. Delete Article 5.07.01 and the Note** following.

**16. Add a new Note following the first paragraph of the Jetz Memorandum of Agreement dated December 16, 2005 to read as follows:**

The present Memorandum shall apply **only** to Jetz flying **in excess** of **35,000** hours per **year**.

**17. Add a new paragraph to the Jetz Memorandum of Agreement dated December 16, 2005 under the heading "Miscellaneous" to read as follows:**

**Air Canada** will provide **a** monthly report of **actual block** hours **flown** in the previous month by **Jetz crews** with their **names**.

**18. Article B5.02.03.03.01 shall be replaced with the following:**

**As soon as** a duty period is projected **to** exceed thirteen (13) hours for domestic flights or fourteen (14) hours for overseas flights **at a Crew Base, or fifteen (15) hours for domestic flights or sixteen (16) hours for overseas flights away from a Crew Base, based on the official forecast, the employee must advise the Service Director of his/her individual decision to exceed the limitaiton or to take crew rest.**

**19. Insert anew Article B5.02.03.03.04 to read as follows:**

Duty Period Extension Premium

**A** Premium will be paid **to** employees who volunteer to exceed their absolute **maximum** duty period limitation, pursuant to Article.B5.02.03.03. This premium will **be** fifty percent **(50%)** of his/her regular rate of **pay on** all flight time credits involved in **that** duty period.

**NOTE 1:** The premium will apply to DPG

**NOTE 2:** The premium will be for pay purposes only

**NOTE 3:** The premium will apply to reserve employees

**NOTE 4:** **Employees** operating **flights pursuant to Article B14, as well as pursuant to Letters of Understanding 18 and 22, may** also volunteer for an extension premium.

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20. The Note following L28.01 shall be replaced with the following:

**This clause shall apply to any flight leg scheduled or re-forecast, on the day of departure, to exceed eight (8) hours from gate to gate. Crew will be permitted to sleep during their crew break in accordance with Company policy, as published in ePub. Where crew rest units are available on the aircraft type, crew sleep shall only be permitted in the crew rest unit, however, the crew rest unit provisions of Article B14 and Letters of Understanding 18, 22 and 31 shall not apply. Where crew rest units are not available, crew sleep shall be permitted in a Last Sold Seat in the upright or reclined positions only. For greater clarity, no sleeping in the prone position shall be permitted in the Last Sold Seats and no sleeping whatsoever shall be permitted in any other empty row or in Executive First seats/suites.**

The Hotel provision of L28.02 below does not apply.





**Air Canada and CUPE agree to enter into Letters of Understanding as follows:**

1. Transfers

Air Canada will explore ~~the~~ feasibility of implementing ~~an~~ electronic ~~means~~ of allowing Cabin Personnel to apply for, ~~withdraw~~ from, respond to and receive confirmation of ~~Base~~ transfer ~~transactions~~. If implemented, Articles 18.07.01, 18.07.01.01, ~~18.07.01.02, 18.07.02, 18.07.03, 18.07.04 and 18.07.05~~ shall be amended, ~~as~~ required.

2. Commuter Policy

Air ~~Canada~~ **agrees** to incorporate a commuter policy, in the form provided at Appendix "C", to all Cabin Personnel commuting by air to their ~~Base~~, from their area of residence, for work-related reasons. ~~This~~ policy does not derogate ~~from~~ the rights of those ~~subject~~ to the 2008 Division IX Keller award, for the ~~period of time~~ **they enjoy those rights** as set out in that award dated **September 14, 2008**.

3. Aircraft types

The parties agree to amend the Collective Agreement to remove ~~any~~ reference to aircraft types no longer in the mainline fleet.

4. PBS

The parties agree that upon agreement between ~~the parties~~ pertaining to PBS-related language, such language shall be incorporated into the Collective Agreement and have full force and effect,

5. The following Letters of Understanding, Memoranda of Understanding and ~~memorandum~~ of Agreement shall be renewed ~~as~~ follows:

LOU 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 19, 21, 23, 25, 26, 27, 30, 31, 33, 35, subject to the provisions of para. 3 of the Memorandum of Agreement, 38, 39, 41, 43, 45, 46, 47 however, any provision of these LOUs with a specified date upon which it ceases to have effect, including provisions which are to expire with the June 2003 Collective Agreement on June 30, 2009, shall cease to have effect on that date.

Restructuring MOU May 29, 2003; Restructuring MOU May 18, 2004; Restructuring MOS June 18, 2004 and MOA June 18, 2004, however, any provision of these Memoranda with a specified date upon which it ceases to have effect, including provisions which are to expire with the June 2003 Collective Agreement on June 30, 2009, shall cease to have effect on that date.

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## 6. LOU20

The Company agrees to continue the following provisions of the former LOU 20 for the term of the Collective Agreement:

**L20.01.05 Any former CAIL cabin personnel who returns to Air Canada and has not yet received their initial cabin personnel uniform will receive 100 per cent of the cost of the initial Air Canada cabin personnel uniform.**

**L20.01.11 Air Canada will maintain the CAIL pension Committee in accordance with the CAIL pension plan rules until such time as the two pension plans are merged. Flight releases for Committee members will continue according to current practice.**

BP 990050

## 7. Production of the Collective Agreement

In the interest of effecting a 'user friendly' signed collective agreement ready for production and distribution to the members as per Article 19.11 of the collective agreement, the parties agree to form a committee comprised of an equal number of representatives of each party and shall meet within ninety (90) days of ratification with a view to having a revised collective agreement by the end of 2010. The parties shall integrate the 2003, 2004 and 2009 MOA's into the Collective Agreement. Neither party shall have the authority to reinterpret or rewrite language which has been signed and /or ratified. In the event that there is an unresolved dispute as to the correct wording of an Article, the dispute shall be referred to mediation with the assistance of the Federal Mediation and Conciliation Service, and if not resolved, in mediation shall be addressed in the next round of bargaining in 2011.

6.2.4

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(14)

A new MOA shall be entered into:

**Memorandum of Agreement  
(the "Agreement")**

BETWEEN:

**Canadian Union of Public Employees, Airline Division,  
Air Canada Component  
(the "Union")**

-and-

**Air Canada  
(the "Company")**

**Re: Company-Paid Health and Safety Flight Releases**

Whereas the Union filed the Payment of Wages grievance (CHQ-08-42) with respect to pay for Health and Safety Representatives,

And whereas the parties wish to resolve that grievance,

The parties therefore agree as follows:

**Number of Health and Safety Flight Releases**

The Company will bear the cost of the following number of full-time released cabin personnel to perform work as employee Health and Safety Representatives under Part II, of the *Canada Labour Code* ("Code"):

In-flight Service Policy Health and Safety Committee: 3 FTRs

YVR Work Place Health and Safety Committee: 2 FTRs

YYC Work Place Health and Safety Committee: 1 FTE

YYZ Work Place Health and Safety Committee: 3 FTRs

YUL Work Place Health and Safety Committee: 2 FTRs

The employee Health and Safety Representatives shall perform the work prescribed by the Code and otherwise to further Air Canada and its employees' direct joint best interests.

There shall be no additional releases of cabin personnel to backfill employee Health and Safety Representatives absent for any reason. Additional employee Health and Safety Representatives may be released on an ad hoc basis solely for the purpose of reporting to

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a work **refusal** investigation or other functions assigned pursuant to **section 135.1(8) of the Code** that occur or must be performed outside the regular working hours of the full-time employee representatives. Additional representatives so released **shall** be paid in accordance ~~with~~ this Agreement.

### Hours of Work

The **normal** work week of full-time employee Health **and** Safety Representatives shall be 35 hours per week, scheduled 7 hours a day, Monday **to** Friday, **as agreed** locally by the relevant co-chairs to maximize the **availability of Employee Health** and Safety Representatives to the workforce **and** the efficient completion of committee work.

It is understood that the full-time employee Health **and** Safety Representatives are being released on a full-time **basis during the** locally **agreed normal working hours** to ensure the **mutual availability** of employee **and** employer committee members for **committee purposes**. Employee and employer Health **and** Safety Representatives will **therefore** be available for meetings during these normal working hours. All functions of the committees **that can be planned during** these regular working hours shall be.

Health **and** safety **hours** worked in excess of **35** hours per week due to abnormal requirements **as** jointly agreed by **the** relevant committee co-chairs shall be taken as time **off** within one **week** of being worked or **as** otherwise **agreed by the co-chairs**. The co-chairs shall not unreasonably withhold their agreement.

### Location

Unless otherwise **agreed to** by the **parties** or **as** assigned by the joint co-chairs, acting together, **all** Health and Safety **work** shall **be** carried out on Air Canada premises, **at** the airport **and related** facilities, **or as** requested by a government Health **and** Safety Officer or **similar** authority.

The Employee Health and Safety Representatives of **the** Policy **and** Workplace **Committees** shall be provided ~~with~~ office space separate ~~from the~~ local **CUPE** base office and management.

### Rates of Pay

All full-time employee Health & Safety releases will be paid **100 hours** per block month at **their applicable rate of** pay in accordance ~~with~~ Article **5** of the **Air Canada CUPE Collective Agreement** (the "Collective Agreement").

Employee Health and **Safety Representatives** who **are** not released on a full-time basis will be paid at their applicable **rate of** pay **in** accordance with Article **5** of the **Air Canada CUPE Collective Agreement** as follows:



<b>BLOCK HOLDER</b>	<b>Rate of Pay and Hours Worked</b>
Day <b>blocked</b> off in <b>PBS</b>	4h40 for each <b>day</b> worked (7 <b>working</b> hours)
Duty <b>before</b> or <b>after</b> flight	66% of the hourly rate for each hour worked
<b>Removed from flight</b>	The <b>greater</b> of the scheduled blocked credits <b>missed</b> or 4h40 for each day <b>worked</b> (7 working hours)
<b>Coming in</b> on a scheduled day <b>off</b>	4h40 for each day <b>worked</b> (7 <b>working</b> hours)
<b>RESERVE</b>	
Day blocked off in <b>PBS</b>	<b>4h40</b> for each day worked (7 <b>working</b> hours)
<b>Duty</b> before or after flight	<b>66%</b> of the hourly rate for each hour worked
Removed <del>from</del> flight	<b>4h40</b> for each day <b>worked</b> (7 <b>working</b> hours)
<b>Coming in</b> on a scheduled day <b>off</b>	<b>4h40</b> for each day worked (7 <b>working</b> hours)

These Health and Safety Representatives will also have the ability to bid and operate open time in accordance **with** the Collective Agreement.

Administrative procedures for the proper compensation of employee Health and **Safety** Representatives who are reserve block holders will be established in the **Company's** scheduling software.

### **Status of This Memorandum of Agreement**

This Agreement may be modified by agreement of the parties or, **with** the exception of the Payment of Wages Grievance (CHQ-08-42) settlement provision and all sections herein related to payment of wages (collectively, "Payment of Wages"), as a result of the determinations of the Mediator-Arbitrator under the Framework Med-Arb Agreement of April 21, 2009. **This** Agreement shall be **without** prejudice to the positions **the** parties **may** take on **any** issue, except Payment of Wages, before the Mediator-Arbitrator in that process. However, this Memorandum of Agreement **can** be produced during the Mediation-Arbitrator process if requested by the Mediator-Arbitrator.

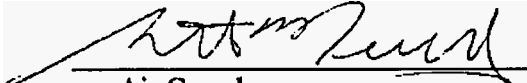
The parties agree that this Memorandum of Agreement is enforceable through the grievance arbitration procedure of the Collective Agreement. This Memorandum of Agreement shall last the duration of the Collective Agreement (July 1, 2009 to **March 30, 2011**), unless **modified** by **the** Mediator-Arbitrator or by agreement of the parties. For greater certainty, this Agreement shall, **with** the exception of the provisions related to Payment of Wages and **any** determination made by **the** Mediator-Arbitrator, expire **with** the Collective Agreement and shall continue into any future Collective Agreement only if so negotiated.

The parties further agree to set earliest possible dates with the Mediator-Arbitrator pursuant to the Framework Med-Arb Agreement forthwith.



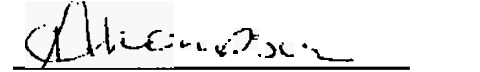
**The present Agreement is conditional upon the successful conclusion of Pension Moratorium and Labour Stability Agreements.**

**Signed this 22nd of June, 2009 at Toronto**



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Air Canada  
SAM REID



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Canadian Union of Public  
Employees, Airline Division, Air  
Canada Component

JUNE 22, 2009



LOU 44 shall be replaced with the following:



**BETWEEN :**

**The Canadian Union of Public Employees  
Air Canada Component (The Union)**

**And**

**Air Canada (The Company)**

WHEREAS the parties recognize the necessity to resolve grievances in an accelerated and timely manner in order to improve labour relations;

**AND WHEREAS** the parties **agree** to adapt ~~their~~ modified grievance/arbitration procedure for the duration ~~of~~ the current Collective Agreement;

AND WHEREAS this modified grievance/arbitration procedure will take precedence over the Collective Agreement articles that it affects directly;

NOW THEREFORE, the ~~Company and Union~~ agree to the following:

1. Where no satisfactory settlement is obtained ~~through~~ the discussion with a supervisor, **an** individual or policy grievance **may** be initiated by **the** Union in writing. Upon the filing of a grievance a copy will be sent to the office of **the** chief Arbitrator. The parties will process the grievance through the following grievance procedure within a **30 day period**:

Level 1 Grievances: Individual grievances involving crew **resource** utilization shall be sent to the Manager, Crew Resource **Utilization**, or his/her designated representative. All other individual grievances shall be sent to the In-Flight Service Base Director/Manager, or his/her designated representative.

Level 2 Grievances: Policy **Grievances** shall be sent to the Senior Director, Labour Relations, or his/her designated representative.

2. The parties will process Level 1 and 2 grievances within **30 days** of the grievance being filed. Unless the parties **are** otherwise agreed, all grievances will be heard at only one level in the grievance procedure above.



3. Grievances will be placed on the first monthly review list, maintained by the Chief Arbitrator, following the expiration of 30 days from the date the grievance was filed. Each party can propose which grievances be reviewed in each monthly review. The parties can agree, and/or either party can propose, to consolidate or hear together grievances of similar subject matter if doing so will lead to the efficient resolution of the grievances. In the event of a difference between the parties with respect to whether grievances should be consolidated or heard together, the Chief Arbitrator shall determine whether the grievances shall be consolidated or heard together. In the event that the parties cannot agree on which grievances are to be reviewed, and/or in what order the grievances are to be reviewed, in each monthly review, the Chief Arbitrator shall determine the matter, having regard to the following order of priority:

- i. Discharge grievances
- ii. Grievances in which there is possible irreparable harm
- iii. Return to work grievances
- iv. Discipline grievances
- v. All other grievances

4. Each month, the Chief Arbitrator will review the monthly review list, and to the extent possible, will seek to resolve through mediation the matters on the monthly review list. If the matters cannot be resolved through mediation, the Chief Arbitrator shall decide the matter(s) through expedited arbitration, unless either party requests, or the Chief Arbitrator orders, that the matter be referred for a full hearing before the Chief Arbitrator or another Arbitrator.

6. a. 1

Arbitration:

5. The Chief Arbitrator shall be William Kaplan.

6. Subject to paragraph 7 below, any references to a Chief Arbitrator or Martin Teplitsky in the Collective Agreement shall now refer to William Kaplan.

7. The parties agree as follows:

- i. All grievances filed on or after June 24, 2009 will be dealt with by the Chief Arbitrator as named herein.
- ii. Grievances filed before June 24, 2009 will be heard by Martin Teplitsky on an expedited mediation-arbitration basis, in accordance with the parties' mutual direction to Mr. Teplitsky to (a) resolve and/or decide as many of these grievances as possible or (b) determine that the grievance(s)



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should be referred to a full hearing before the Chief Arbitrator or another Arbitrator. Any of the grievances filed before June 24, 2009 which have not been either so resolved or decided by Mr. Teplitsky or referred to a full hearing before the Chief Arbitrator or another Arbitrator on or before September 30, 2009 will be dealt with by the Chief Arbitrator.

- iii. Mr. Teplitsky will remain seized of all matters involving grievances filed before June 24, 2009 where he has issued a decision which indicates that he is to remain seized and will retain the jurisdiction conferred upon him pursuant to Schedule 4 (PBS) of the Memorandum of Understanding dated May 18, 2004 and paragraph 6 of the Memorandum of Agreement dated June 18, 2004 (subject to the parties having the option of referring the matter to George Adams as contemplated therein), including CHQ-08-10 and the PBS Audit Arbitration.
  - iv. Mr. Teplitsky will remain seized with respect to such other matters as the parties agree.
8. Arbitrations will be conducted in accordance with Article 15, however examinations-in-chief will be replaced by a written statement from each witness, unless otherwise agreed or the Arbitrator permits. The written statements are to be exchanged in advance.
  9. Cross examination and reply will proceed as usual.
  10. The parties will supply the Arbitrator with a brief which will concisely set out the basis of the grievance and the basis of the denial, the facts, the documents that a party intends to rely upon, submissions and witness statements. Authorities may also be included.
  11. If either the Company or Union elect not to have a grievance heard by the Chief Arbitrator, an Arbitrator shall be selected from the following list, unless the parties agree otherwise. If the parties cannot agree on which Arbitrator shall hear the matter, the Arbitrator shall be the one whose name follows the last Arbitrator selected to hear a grievance. Grievances where the parties agree the language of the hearing shall be in French, shall be heard by one of the bilingual or Francophone arbitrators on the list below, as identified by an asterix:

- 1 Pamela Picher
- 2 Donald Carter
- 3 Laura Trachuk
- 4
- 5
- 6

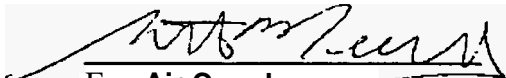
The parties shall meet to select the names of 3 arbitrators to be inserted by parties by September 30, 2009. In the event of a disagreement, or if the parties are unable to

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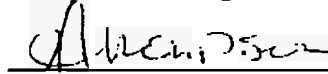
**name 3** additional arbitrators to this list, the issue will be **resolved** with the assistance with mediators Jacques Lessard **and** James Farley, Q.C.

12. The Arbitrator shall provide brief written reasons **with** every award within 30 days of the hearing.
13. The Chief Arbitrator shall **have** all the powers of **an** arbitrator under section 60 of the *Canada Labour Code*. The **Chief** Arbitrator will have **exclusive** jurisdiction respecting requests for interim orders of **any** kind permitted by the collective agreement **and** the *Canada Labour Code*,, including but not limited **to the** power to prohibit actions pending **the** resolution of **the** grievance on the merits. The Chief Arbitrator shall **hear** requests regarding **urgent matters** within **48** hours of **being** request to do **so** and shall render a binding decision **at** the conclusion of the hearing or, if not possible, within 24 hours of the hearing.
14. The parties will **share** equally in the cost **of** pre-hearings, mediations **and** arbitration. However, if **a** hearing is cancelled **by** one party, that party shall absorb cancellation fees, if **any**. Should **an** Arbitrator **hear** more **than** one case in **a** day involving different Unions, costs will **be apportioned between the** Unions.

Scott Morey

  
For: **Air Canada**  
Date: **6/22/04**

Katherine Thompson

  
For: **CUPE**  
Date: **June 22, 2004**

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**Appendix "B"**

**THIS PENSION MEMORANDUM OF UNDERSTANDING MADE AS OF THE 22 DAY OF JUNE, 2009 (the "PENSION MOU")**

**AMONG:** AIR CANADA (the "Company")  
**AND:** AIR CANADA PILOTS ASSOCIATION ("ACPA")  
**AND:** CANADIAN AIRLINE DISPATCHERS ASSOCIATION ("CALDA")  
**AND:** NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL WORKERS UNION OF CANADA (CAW-CANADA), LOCAL 2002 (the "CAW")  
**AND:** CANADIAN UNION OF PUBLIC EMPLOYEES, AIRLINE DIVISION, AIR CANADA COMPONENT ("CUPE")  
**AND:** INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS (the "IAMAW") (ACPA, the CAW, CALDA, CUPE and the IAMAW collectively the "Unions")  
**AND:** AIR CANADA PIONAIRS (the "PIONAIRS")

**WHEREAS** the **Company** sponsors ten defined benefit registered pension plans (the "Plans");

**WHEREAS** the parties recognize that an alteration in the level of the Company's pension funding obligations is critical;

**WHEREAS** the parties recognize that a reduction in the Company's pension funding obligations is therefore required; and

**WHEREAS** the parties share the objective of preserving accrued pension benefits;

**NOW THEREFORE**, the **Company**, the Pionairs and the Unions agree as follows:

1. A regulation shall be adopted under the *Pension Benefits Standards Act, 1985* (the "Special Regulation") stipulating the funding provisions of parts (a) and (b) below.
  - (a) **2009-2010**
2. The Company shall have no obligation for, and shall not remit, any past service contributions to any Plan for a 21-month period. Specifically:
  - (a) subject to paragraph 2(b) below, such non-contribution period shall commence with the special payment that would otherwise be due July 30, 2009 in respect of the second quarter of 2009;



- (b) on or before August 14, 2009, a retroactive adjustment in respect of **the** special payment in **respect** of the first quarter of 2009 will be made, with such adjustment equal to the greater of **zero** and:
- (i) the required contribution for the first quarter **of** 2009, **assuming** that the Company opts out of the current **Air Canada Pension Plan Solvency Deficiency Funding Regulations** in 2009 in respect of **all** remaining **Plans** and amortizes the solvency deficiency for each Plan **emerging** in 2008 over **10** years, with such deficiency determined by January 1, 2009 actuarial valuations; less
  - (ii) the past service contribution made on April 30, 2009 in respect of **the** first quarter of 2009 in accordance with the January 1, 2008 actuarial valuations.

**(b) 2011-2013**

3. **The** aggregate annual past service contribution in respect of the period from January 1, 2011 to **December** 31, 2013, with respect to both solvency deficits and **going** concern unfunded liabilities, for all the Plans combined shall equal the lesser of
- (a) \$150 million, \$175 million, and \$225 million in respect of **2011, 2012,** and 2013, respectively; and
  - (b) the maximum past service contribution permitted under **the Income Tax Act**.

The first past service **contribution** after the 21-month non-contribution period will be due **April 30, 2011**, in respect of the first quarter of 2011.

4. **The** past service contribution described in **section 3** will be determined on **a** Plan-by-Plan basis, with **the** contribution to a particular **Plan** being the pro rata share of that Plan's solvency deficit to the **aggregate** solvency deficit for all the Plans in solvency deficit, **all as** determined as at January 1 of each year, where such solvency deficit:
- (a) is determined as the solvency liabilities less the market value or market-related value of the **Plan, as** determined by the Company's actuary; **and**
  - (b) shall not be less than zero for any Plan.



For further clarity, should a Plan **have** a solvency surplus, such Plan shall be excluded from the pro rata allocation of the past service contribution.

5. The past service contribution to be made to each Plan **during** a Plan year shall be paid in equal quarterly **instalments**, except that the past service contribution determined in a valuation will remain in effect until the next **valuation** is **filed**. When the next valuation is filed, there will be a retroactive adjustment made **at** the next **scheduled** remittance date.
6. **The** past service contribution to be made during a Plan year shall be remitted on a quarterly basis, and shall be due 30 days after the end of the period in respect of which the contribution is paid.
7. **During** the term of this Pension MOU, the Company shall continue to make required current service contributions to the Plans.
8. The Company shall not offset or reduce any contributions described in section 3 **through** the **use of** any actuarial or experience gains, except to the extent they are limited through **the application of** paragraph 3(b).

**(c) 2014**

9. **Any** solvency deficiency and/or going concern unfunded liability that exists as of January 1, **2014** shall be deemed to have emerged as of January 1, 2014 and shall be funded thereafter in accordance **with** the Pension *Benefits Standards Act, 1985*, and any applicable regulations thereunder.

**(d) Implementation of Funding Relief**

10. The parties shall cooperate, act diligently, and **take** all actions required for the **implementation** of this Pension MOU **and** to further its **objectives**.
11. The **parties** recognize that **the** suspension of past service **contributions** for the **initial 21-month** period and the alternative determination of past service contributions for the subsequent 36-month period require the **adoption** of the Special Regulation. Without limiting the generality of section 10, the Company, the Pionairs **and the Unions** shall cooperate in making **the necessary representations to OSFI and** the Department of Finance to **effect** such adoption promptly and with effect no later than July 1, 2009 in accordance with the following principles:
  - (a) the parties recognize that **consultation with** active non-union **Plan** members and with former Plan members will be required;



- (b) the funding relief described herein will be granted if less **than** one-third of all Plan beneficiaries (other than those active Plan **members** represented by **the Unions**) object;
  - (c) upon successful ratification, the **Unions'** **respective executions** of this Pension MOU shall be deemed to constitute consent on **behalf** of their respective members;
  - (d) the **Company** shall **provide all** active non-union Plan members **and** all former **Plan** members with **a** short document satisfactory to the relevant parties to this agreement (such acceptance not to be unreasonably withheld) informing such beneficiaries of the **highlights** of the funding relief proposal, including the potential financial impact and consent process; **and**
  - (e) the Company requires that the funding relief described herein apply to **all the Plans**.
12. It is a condition of this Pension MOU, and the Special Regulation shall so provide, that **there** will be no outstanding deemed **trust** relating to the Plans, except:
- (a) if and when any contribution required by the application of this Pension MOU (other **than** pursuant to **section 19**) is not remitted to the Plan by the due date described herein;
  - (b) in respect of amounts deducted by the Company from members' remuneration that are not remitted to the Plan when due; or
  - (c) for greater certainty, in respect of normal cost contributions **that are** not remitted to the Plan when due.
13. This Pension MOU is also **subject** to the following conditions:
- (a) neither the **Unions** nor OSFI **or** any other authority having any jurisdiction over **these** matters shall **assert** or **support** the assertion of **any** deemed trust **that** might otherwise arise under current law prior to adoption **retroactive** to July 1, 2009 of the Special Regulation **and** any amendments to any other PBSA Regulations that may be necessary to **give** effect **hereto**. Without **limiting** the generality of section 10, **the** Unions shall cooperate with the **Company** in requesting and **obtaining** adoption of **the** Regulation, **as well as "comfort"** letters, all satisfactory to **the** Company, to such effect from OSFI and **the** Department **of** Finance;

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- (b) the Company **and** each of the **Unions** shall enter into a Labour MOU **having** a duration of 21 months from the expiry of **the** last collective agreement;
- (c) as soon as practicable, **and in any event prior to** execution of the letter of intent referenced **in** paragraph 13(d), the Company, **the** Pionairs, **and** any other interested parties to **this** agreement shall jointly approach the Government of Canada and the governments of such province(s) as the Company shall determine to seek guarantees of the financing described in paragraph 13(d);
- (d) the Company shall have entered into a letter of intent no later than July 15, 2009 for at least \$600 million in new financing (the "**Club Loan**"), in form and content reasonably satisfactory to the Company;
- (e) **ACE Aviation Holdings Inc.** shall have **committed** to subscribe **for** ~~at~~ least \$100 million of the Club Loan, subject to the Company waiving such requirement in the best interests of the Company;
- (f) Groupe Aeroplan **Inc.** shall have committed to subscribe for at least \$100 million of the **Club Loan**, subject to the **Company** waiving such requirement in the **best** interests of the Company;
- (g) The Company shall **use** reasonable efforts **to** achieve cost savings appropriate in the circumstances;
- (h) The Company recognizes the on-going value of its slots and will **use** its **best** efforts to **ensure** that in any financing as described **in** this paragraph 13 that **any** collateral not include these **slots** to any proposed financing **entity** which is not a Canadian government-related entity (such as **the** Export Development Corporation) or as the Minister of Finance **may** permit after receiving representation **from** any party hereto, **such** representations to be received **by** the Minister **within** two business days of notice of intention to do **so** (the Parties and the Hon. James Farley to provide address for such notice which may be given by delivery, **fax**, email, or other appropriate electronic method), with the Minister to consult with the Hon. **James Farley** to receive **his** recommendation before determining if such permission is appropriate in the then prevailing circumstances; **and**
- (i) The authorization of the Company's Board of **Directors**.

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14. While a Plan is subject to the **funding** relief described herein, the Company shall file actuarial reports in respect of such **Plan** on a basis not less frequently than annually. Actuarial **methods** and assumptions to be employed shall be at the discretion of each Plan's actuary, within the standards of the Canadian **Institute** of Actuaries. Subject to execution of a non-disclosure agreement, the Company shall provide prior to the public disclosure thereof, to: (a) each Plan's pension committee; (b) each bargaining **unit** with members in the Plan; and (c) the Pionairs **and** any other incorporated retiree or non-union employee association with members or former members in the Plan, a copy of that Plan's actuarial report.
15. The Company shall offer a one-time profit share incentive program pursuant to which each active employee of the Company as of the date of ratification of **this** Pension MOU shall receive a payment of \$500 providing the Company **shall have** achieved in respect of its 2010 fiscal year **after-tax** cash net income of at least \$210 million, such sum to be payable (subject to applicable withholding amounts) within 30 days of release of the Company's 2010 audited financial statements.
16. In the event any Plan is terminated in whole at any time while it is subject to the funding relief described herein, the Company **shall** be required to fully fund any solvency deficit existing at **the** termination date. Such deficit shall be paid down **over** a maximum of five years following submission to and acceptance by OSFI of the termination report. The Company's obligations to the Plan described in **this** section 16 shall rank *pari passu* with all unsecured claims and, for greater certainty, shall not be subject to a deemed trust or any **other** priority ranking.
17. On or **before** November 1, 2009, the Company shall issue the number of Class B shares equal to 15% of **the** common shares of Air Canada (**the** "Shares") to a trust to be established for the benefit of the members of the Plans represented by each bargaining **unit**. The **bargaining** units' interests in the trust shall be allocated **as** follows:

	<b>Per Cent of Allocated Equity</b>
CAW	12.58
IAMAW	35.96



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ACPA	31.65
CUPE	19.38
CALDA	0.43

The trustee shall be a person agreed by all of the bargaining units or failing agreement, as designated by Hon. James Farley. For so long as the trustee holds any of the Shares allocated to a bargaining unit:

- i. that bargaining unit shall be entitled to receive a proxy from the trustee in respect of the remaining number of Shares allocated to such bargaining unit; and
- ii. that bargaining unit shall be entitled to direct the trustee to cause such Shares as are allocated to it to be sold in whole or in part.

All net proceeds of the Shares, including dividends or net proceeds of disposition (after trustee expenses), shall be transferred to the trustee of the Plans { allocated to each Plan in the manner specified by section 4 hereof) to be received as an employer contribution in respect of outstanding solvency deficits providing that any such amount shall not reduce the minimum contributions prescribed by section 3 hereof. The Company shall not bear any costs or expenses related to the administration or operation of the trust, including without limitation in respect of the divestiture of the Shares or any other transactions which the trust may enter into, above and beyond \$25,000 per year for each of the first three years beginning from the date of creation of the trust, which shall be reimbursed by the Company on the presentation of invoices therefor.

18. For as long as the trustee of the trust continues to hold at least 2% of the common shares of the Company, such trustee shall have the right to designate one member (who shall not be a member or officer of any of the Unions) of the Company's board of directors, subject to completion of the Company's usual governance process for selection and confirmation of directors. The trustee shall designate such member based upon the wishes of the bargaining units allocated a majority of the Shares held by the trust from time to time (with any deadlock to be settled by Hon. James Farley).

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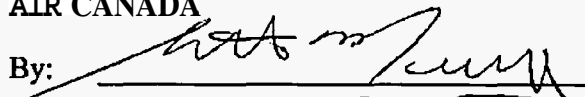
19. **The Company shall make no distributions of any kind to its shareholders before December 31, 2010, and shall not make any distributions in excess of Canadian corporate standards prior to December 31, 2013.**
- (e) **Other**
20. In the event the Company becomes subject to the Companies' *Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*, or other similar proceedings, the lesser of (i) the **difference** between the amounts contributed to the Plans under section 3 and the amounts that would have been remitted to the Plans in the absence of this Pension MOU and of the **Special Regulation**; and (ii) the solvency **deficit** of the Plans as at the most recent valuation shall be treated as due and payable to the respective Plans; provided, however, that the foregoing is all subject to any non-remittance order of the court or other stay provisions. In such event, each Union and the Pionairs shall be entitled to elect to treat all provisions of this Pension MOU as terminated and no longer binding, except sections 7, 16 and 19. For greater certainty, there shall be no deemed trust associated with any obligations under this section 20; nor shall anything herein be construed as exempting the obligations to make such payment from any stay of proceedings provided by a court.
21. This Pension MOU shall form part of the **Company's collective agreements with** the respective Unions.
22. This Pension MOU shall cease to be of any force or effect if OSFI or any other authority requires any reductions in **accrued benefits** or **current service accruals** under any of the Plans prior to adoption of the **Special Regulation**.
23. The obligation of **the Company** to deliver the Shares is subject to shareholder, stock exchange, or regulatory approval, if required by law. Where the Company is unable to secure such approval, the Company shall **make** a contribution to the Plans equal to the value of 15% of the Shares calculated as of the date of **this** Pension MOU with each Plan's share of **such** contribution being calculated in accordance with section 4.
24. **This** Pension MOU shall expire on December 31, 2013, **except** that sections 9 and 26 hereof shall expire on December 31, 2014.
25. In the event **that not all** of the Unions are signatory to **this** Pension MOU, it shall nonetheless be binding on the Company and those parties who are signatory hereto, providing that **other** Unions shall be entitled to adhere to **this agreement** subsequently.

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6. C. 7

26. If any of the Unions negotiates a pension memorandum of understanding that is more favourable than this Pension MOU, then a proportional equivalent value, or more beneficial terms shall apply to the parties who have agreed to this Pension MOU.
27. Providing the Plans have an aggregate solvency deficit of at least \$15 million as of January 1, 2014, the Company agrees to make an additional aggregate payment to the Plans of \$15 million, such payment amount being over and above the amount otherwise required in respect of 2014. Each Plan's share of such contribution shall be calculated in accordance with section 4 hereof and shall be remitted on or prior to December 31, 2014.
28. All dollar amounts expressed herein are expressed in Canadian dollars (CAD).
29. Any dispute as to the interpretation of this Memorandum of Understanding shall be decided by the Hon. James Farley after receiving representations forthwith or as he may direct from the Parties hereto.

IN WITNESS WHEREOF the parties have signed.

AIR CANADA  
By:   
Name: Scott Morley  
Title: V.P. LABOUR RELATIONS

AIR CANADA PILOTS ASSOCIATION

By: \_\_\_\_\_

Name:

Title:

CANADIAN AIRLINES DISPATCHERS

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**ASSOCIATION**

**By:** \_\_\_\_\_

**Name:**

**Title:**

**NATIONAL AUTOMOBILE, AEROSPACE,  
TRANSPORTATION AND GENERAL  
WORKERS UNION OF CANADA (CAW-  
CANADA), LOCAL 2002**

**By:** \_\_\_\_\_

**Name:**

**Title:**

**CANADIAN UNION OF PUBLIC  
EMPLOYEES, AIRLINE DIVISION, AIR  
CANADA COMPONENT**

**By:** K. Thompson

**Name:** K. Thompson

**Title:** Component President

**INTERNATIONAL ASSOCIATION OF  
MACHINISTS AND AEROSPACE  
WORKERS**

**By:** \_\_\_\_\_

**Name:**

**Title:**

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**AIR CANADA PIONAIRS**

**By:** \_\_\_\_\_

Name:

Title:



### Appendix "C"

The following new Letter of Understanding shall be added to **the** Collective Agreement:

The present Letter of Understanding applies to Cabin Personnel who choose to commute to work by air from their area of residence ("Commuter").

Commuters **are** expected to report for duty as scheduled. All flight and other costs incurred **as a** result of commuting will be **the sole** responsibility of the Commuter.

Upon having complied **with** the following conditions, **Commuters who** are unable to report for **duty** as scheduled due **to** commuting problems (for example: unforeseeable **irregular** operations, aircraft maintenance problems, day-of-flight aircraft downgrade **and** short-crewing or weight restrictions) will not be subject **to** discipline or have their unavailability **count as an** event or occurrence under the Corporate Attendance **Management** System ("CAMS"):

1. **Commuters** must enroll, in person, **for** participation in the present Commuter program **with** their **Base Manager**.
2. A Commuter **must** have at least one original and **back-up** flight option. **The** original flight option must be scheduled **to arrive** at least **two** (2) hours prior to scheduled **check-in** time. The back-up flight option must be scheduled to arrive at least thirty (30) minutes prior to **scheduled** check-in time. The foregoing shall not relieve a Commuter from exercising good judgment when choosing flights on which to commute. Examples of a failure to exercise **good** judgment include choosing to travel when adverse weather conditions are forecast or where oversold flights are foreseeable.
3. Commuters who are unable **to** report for **duty as** scheduled **are** required to immediately notify Crew Scheduling and report to a **Base Manager upon** arrival **at** their **Base**.
4. In the event that a Commuter is unable to report for duty **as** scheduled, he/she shall be required to provide a Base Manager with a copy of his/her boarding pass for both the original and back-up flights immediately upon arrival at his/her Base.
5. Upon being notified that a Commuter is unable **to** report for **duty as** scheduled, the **Company** may, at its discretion, reassign the Commuter **as** contemplated **by** the Collective Agreement or remove him/her from the scheduled **flying**,
6. Commuters will not be paid or credited for **any** portions of the duty **periods** for which they **are** unavailable, **as** contemplated by Article 5.11.04.
7. Commuters who **are** unable to report for **duty as** scheduled and who fail to comply with this Letter of Understanding shall be subject to disciplinary action or **CAMS** .



June 22, 2009

**Ms. Katherine Thompson**  
**Component President**  
**CUPE – Air Canada Component**

**Re: Executive Compensation**

Dear Ms. Thompson,

**As agreed, this letter is to confirm that between July 1, 2009, and March 31, 2011, no improvements to the contracts, plans and programs which establish the compensation of the Chief Executive Officer and the Executive Vice-presidents of Air Canada Will be implemented.**

**Similarly, no improvements to pension benefits will be made to the pension plans of the Chief Executive Officer and the Executive Vice-presidents of Air Canada before December 31, 2013.**

Sincerely,

For Calin Rovinescu

**President and Chief Executive Officer**

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June 22, 2009

Ms. Katherine Thompson  
Component President  
CUPE – Air Canada Component

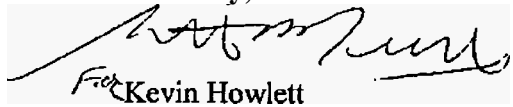
**RE: Costs of 2009 Pension Funding Relief and Labour Stability Negotiations**

Dear Ms. Thompson:

**Air Canada will reimburse CUPE for reasonable professional and related fees and expenses associated with the negotiation of the Pension Funding Relief and Labour Stability Memoranda of Agreement up to \$640,000.00. All amounts submitted for reimbursement must be accompanied by appropriate invoices, receipts or other similar documents. All submissions for amounts to be reimbursed must be received by Air Canada no later than October 1, 2009.**

We will discuss any other ~~arrangements~~ regarding these amounts will be processed as may be required.

Sincerely,



Kevin Howlett

Sr. Vice-president – Employee Relations



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June 22, 2009

Ms. Katherine **Thompson**  
President, Air **Canada** Component  
Canadian Union of **Public** Employees (**Airline** Division)  
25 Belfield Rd.  
Etobicoke, Ontario  
M9W 1E8

Re: Personal Family Care Leave Policy

Dear Ms. Thompson,

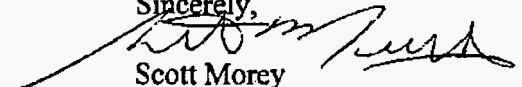
Air Canada agrees to implement the following policy to be posted on ePub:

12. a.4/NS  
12. H3  
**An** employee who, **as** the result of **an** unforeseen event or emergency relating to the **care** or health of **an** immediate family member, **may** request **an** unpaid leave of absence. The employee shall initiate the request **with his** or her Base **Manager** or designate as soon as possible **and** specify the expected duration of the leave. A request for **a leave of absence** will not be unreasonably denied,

In the case of a foreseeable event, the employee will be required to **demonstrate that** reasonable steps were taken prior to requesting the personal leave. **A** request for a personal family care leave of absence will not be unreasonably denied.

**NOTE:** For the purposes of **this policy**, immediate **family is** defined **as:** spouse (including common-law spouse), children of employee **and** spouse, parents **of** employee and spouse, grandparents of employee and spouse, grandchildren **of** employee **and** spouse, brothers and sisters of employee and spouse, and including other relatives residing **with** the employee.

Sincerely,

  
Scott Morey  
Vice President, Labour Relations

Cc: Kevin Howlett, Air **Canada**

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June 22, 2009

Ms. Katherine Thompson  
President, Air Canada Component  
Canadian Union of Public Employees (Airline Division)  
25 Belfield Rd.  
Etobicoke, Ontario  
M9W 1E8

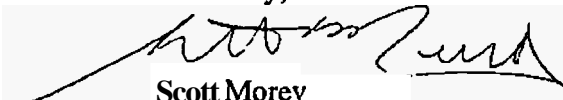
**Re: Service Charges – Travel Passes**

Dear Ms. Thompson,

This is to confirm that the service charges levied by *Air Canada* on travel privileges for active for active Air Canada personnel will be waived until the expiration of the Air Canada and CUPE Collective Agreement on March 31, 2011. All other applicable taxes and third party fees will continue to apply.

It is however understood that the continuation of *this* privilege *is* conditional on labour stability, that is, the successful ratification of the Collective Agreements for all of Air Canada's affected union groups across the country as well as an agreement by these same groups on a pension moratorium.

Sincerely,



Scott Morey  
Vice President, Labour Relations

Cc: Kevin Howlett, Air Canada

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