

**COLLECTIVE AGREEMENT
No. 2**

BETWEEN:

CANADIAN REGIONAL AIRLINES LTD.

(hereinafter referred to as the "Company")

AND

**THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND
GENERAL WORKERS OF CANADA (CAW-CANADA)**

(hereinafter referred to as the "Association")

Effective to:
December 31, 2000

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ARTICLE 1 - PREAMBLE & PURPOSE

- 1.01 This Agreement is made and entered into by and between Canadian Regional Airlines Ltd., hereinafter referred to as the "Company" and the National Automobile, Aerospace Transportation and General Workers of Canada (CAW - Canada), Local 1990, hereinafter referred to as the "Union".
- 1.02 In making this Agreement the parties hereto recognise the objective of promoting and maintaining the safety of air transportation, the efficiency and economy of operations, and a high quality of customer service. The parties also recognise that compliance with the terms of this Agreement and the development of a spirit of co-operation are essential for the mutual benefit of the parties.
- 1.03 This Agreement supersedes and cancels all previous agreements and practices between the parties, both oral and written.
- 1.04 During the life of this Agreement, the Company shall not engage in any lockout, nor shall the Union call or authorise a strike, until all the procedures provided for in this Agreement, and in the Canada Labour Code, for the adjustment and settlement of disputes or for the avoidance of interruption of work, have been exhausted.
- 1.05 Should any part or provision of this Collective Agreement be rendered invalid by reason of legislation, such shall not invalidate the remaining portions thereof, and they shall remain in full force and effect.

ARTICLE 2 - DEFINITIONS

Agreement - means the Agreement in effect, including amendments or interpretations thereto agreed upon and covered by letters signed/confirmed by responsible Company and accredited Union Officers/Representatives.

Base - means a geographical location designated by the Company as a Base of operations.

Casual Employee - means an employee who has been so classified by the Company and works on an as required basis.

Company - means Canadian Regional Airlines Ltd. as represented through Officers and Management at various levels or their delegated representatives.

Date of Hire - means the first day an employee is on the Company's payroll.

Employee - means any person in the employ of the Company who is within the bargaining unit covered by this Agreement.

Full Time Employee - means an employee who has been so classified by the Company and who is working the standard hours of service.

General Holiday - means a Company paid holiday.

Part Time Employee - means an employee who has been so classified by the Company and who is working an average of less than the standard hours of service.

Position - means a position held by an employee in regards to classification, status, and base.

Shift - means a scheduled period of time within a day, as described in a Work Schedule, for which an employee is required to work.

Status - means whether an employee is a full-time, part-time, or Casual.

Union - means National Automobile, Aerospace, Transportation and General Workers of Canada (CAW-Canada) and its Local 1990.

Vacancy - means an unfilled position, as determined by the Company, within the scope of this agreement.

Work Schedule - means a projection of all employees' shifts with regards to days worked and days off, including shift commencement and termination times.

ARTICLE 3 - RECOGNITION

- 3.01 The Company recognises the Union as the sole certified bargaining agent for all Customer Service employees of the Company, as described on Certificates No. 560-317 and No. 530-2326 dated May 30, 1995.
- 3.02 The provisions of this Agreement apply only to those employees employed within the territorial limits of Canada, and coming within the scope of this Agreement, defined under Article 3.01.
- 3.03 The Company will not schedule management employees to perform the duties of an employee covered by this agreement, except where a situation requires immediate action which could not have been planned for nor reasonably predicted.
- 3.04
- (a) The Company will be exempt from the terms of Article 3.03 at those bases where the frequency/service is such that exclusive dedication to Managerial duties is not required. This currently applies to Sandspit and Hay River.
 - (b) Eligible vacation period shall not be adversely impacted as a result of 3.04 (a).
 - (c) It is understood that 3.04 (a) does not give such management personnel any rights or privileges which are not otherwise provided for under this agreement.
 - (d) Prior to establishing a base under 3.04 (a) the Company agrees to meet and discuss possible options with the Union.
 - (e) Article 3.04 (a) will not be used to avoid scheduling a bargaining unit employee if operationally required.

ARTICLE 4 - MANAGEMENT RIGHTS

The Union recognises that the Company shall have the sole and exclusive right, except as otherwise specifically limited by the express provisions of this Agreement, to determine all matters pertaining to the management of the Company and its affairs, and that the direction of employees is fixed exclusively in the Company and without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive right of the Company to:

- (a) Maintain order, discipline and efficiency;
- (b) Hire, appoint, discharge, promote, demote, classify, transfer, lay-off, recall, suspend, or otherwise discipline employees for just cause;
- (c) Make and enforce rules and regulations to be observed by the employees;
- (d)
 - (i) determine and change the service and business of the Company and the schedules with respect to same;
 - (ii) determine and change the locations where the company's business is carried on;
 - (iii) determine and change the methods of carrying out the Company's business and service;
 - (iv) set uniform standards for the performance of work.

ARTICLE 5 - RATES OF PAY

5.01 Rates of pay shall be determined by the employee's date of hire, provided the employee works the full progression period outlined below, or unless otherwise specified herein. Employees other than Full time shall be required to serve the hours equivalent (e.g. 12 months X 162.5 = 1950 hours).

(a) The following monthly (hourly) rates of pay are for the duration of this agreement:

	<u>Customer Service Agent</u>	<u>Ramp Agent</u>
0 - 12 months	\$1594.00	\$1582.00
13 -24 months	\$1840.00	\$1808.00
25 -36 months	\$2085.00	\$2034.00
37 -48 months	\$2208.00	\$2260.00
49 -60 months	\$2331.00	
61+ months	\$2453.00	
	<u>Security Agent</u>	<u>Commissary Agent</u>
0 - 12 months	\$1428.00	\$1464.00
13 -24 months	\$1632.00	\$1673.00
25 -36 months	\$1836.00	\$1882.00
36+	\$2040.00	\$2091.00

5.02 Employees designated by the Company as Lead Agents shall receive a premium of \$75/month in addition to their normal salary. When an employee is designated as an "Acting Lead Agent", that employee will receive the prorated premium for the hours worked as such.

5.03 Employees designated by the Company as Base Co-ordinator shall have their base pay as a Commissary Agent increased by \$200.00 per month. The Base Co-ordinator shall not be required to discipline another bargaining unit member.

ARTICLE 6 - HOURS OF WORK AND OVERTIME

6.01 The standard hours of work shall be based on an average of thirty seven and one half (37.5) hours per week (exclusive of a meal period) over a period not to exceed thirteen (13) weeks. The hours of service in this Agreement do not constitute a guarantee of minimum hours of work per day, or per week, or per month.

6.02

(a) Full-time employees will be scheduled to an average of thirty seven and one half (37.5) hours per week over a period not to exceed thirteen (13) weeks. A meal period up to one hundred and twenty (120) minutes may be scheduled to create flexible shifts or to retain Full-time jobs.

This meal period may be extended with mutual agreement from the union. Current agreements in excess of one hundred and twenty (120) minutes will remain in effect, provided there is no increase in the meal break period.

The Company will schedule Part-time employees to an average of twenty (20) hours per week over a period not to exceed thirteen (13) weeks. Where work requirements do not permit such scheduling, the Company may schedule employees for less than twenty (20) hours per week. Part time employees daily hours must be consecutive unless otherwise agreed to by the employee.

6.03 Work Schedules

(a) Shift schedules will be developed by the Company as follows:

- i) Full-time;
- ii) then Part-time with benefits;
- iii) then Part-time without benefits.

(b) Employees may provide input into the shift schedule as long as it meets the manpower and scheduling requirements of the base.

(c) The Union may request a meeting with the Company to review scheduling/staffing concerns. If required the Union Representative may request a second meeting which will include the Regional Manager Customer Service and the Manager Labour Relations.

(d) Schedules will be posted a minimum of fourteen (14) calendar days prior to implementation and assignments finalised seven (7) days prior to their effective date.

(e) Shift schedules shall be offered by classification seniority to individuals who currently hold the applicable position and status at the base a minimum of twice per year.

(f) Scheduled days off shall be consecutive and no less than 2 in duration at least once in a seven day period.

6.04 Rest Breaks: A fifteen (15) minute paid break will be provided for each complete four hour block of a shift. Rest breaks should be taken in a manner which does not defeat the purpose of providing rest breaks. These breaks will be taken subject to operational requirements.

- 6.05 Where operational requirements dictate non-permanent changes to the schedule, employees will be provided with at least three (3) calendar days notice of a shift change and not less than fourteen (14) days notice of a change of days off. These limits may be reduced by mutual agreement between the affected employee and the Company. Where more than one employee is working the same shift, the shift change will be offered in order of seniority to those employees working the same shift provided that the change does not result in overtime which could otherwise be avoided.
- 6.06 All work schedules will contain periods of not less than eight (8) consecutive hours off duty between a shifts termination and the commencement of the next shift.
- (a) If an employee is unable to receive the rest period due to an overtime draft, the employee may choose:
- (i) to report for their next shift as scheduled, or
- (ii) to report for duty after the required rest period and will be required to fulfil the hours of work scheduled for that day.
- (b) Employees who shift trade under Article 6.08 will not be eligible for the provisions of (a).
- 6.07 In the event that an employee is injured during the performance of his duties and as a result is unable to complete his shift, he shall receive compensation for the entire shift.

6.08 Shift Trades

Employees may arrange for another employee to work their shift subject to the following conditions:

- (a) The employee covering the shift must be qualified and capable of performing the work.
- (b) A request will be provided to management in writing at least twenty four (24) hours in advance, and will be signed by the employees involved. Employees shall advise their Manager/Supervisor in advance of cancellation of a shift trade. Once the request has been approved by the Company the employee(s) involved shall assume full responsibility for the shift for which they have agreed to work. Such approval will not be unreasonably withheld.
- (c) All work time credits for the scheduled duration of the shift will be credited to the employee originally scheduled to work the shift.
- (d) All overtime, time bank, and sick leave provisions will apply to the employee who actually works.

6.09 Overtime

Prior to the assignment of overtime, the other options available to the Company shall be exercised. These options will include offering extra hours to part time employees, then casuals; assigning hours to casuals and/or assigning hours to part time employees in accordance with Article 6.05.

6.10 Overtime requirements will be determined by the Company, except in cases of emergency or when prior authority cannot be obtained for a continuous operation.

6.11

(a) Full time employees who work in excess of the standard hours of work, as defined under Article 6.01 shall be paid overtime for that additional time at the rate of time and one half (1 1/2X) their hourly rate.

(b) Part time employees will be paid straight time wages until the total hours in a calendar week exceed thirty seven and one half (37.5), at which point overtime will apply to excess hours, and the rate of time and one half (1 1/2X) will be applicable.

6.12 Full Time employees called to work on a scheduled day off, or called back for work following completion of their shift will receive payment for the greater of actual time worked at 1 1/2 X, or 4 hours straight time. Where the minimum is paid, the employee may be required to work the corresponding hours.

6.13 A Part Time employee who is called to work on a scheduled day off, or called back for work following completion of their shift will receive a minimum of 4 hours straight time unless the shift being covered was originally scheduled as less than 4 hours. Where the employee receives the minimum four (4) hours they may be required to work the corresponding hours.

6.14

(a) Overtime shall be voluntary except where operational requirements dictate. Where the Company must draft an employee to work it will be in inverse order of seniority of those on shift providing the employee will receive their rest period as per Article 6.06.

(b) When the Company is able to assign overtime in advance, overtime shall be distributed among the employees on the work schedule qualified and available to perform the work in order of classification seniority.

(c) Overtime will be computed and paid or banked to the nearest minute.

6.15 Time Bank

(a) The Company will continue the present practice of allowing employees the option to bank Overtime or General Holidays for the purpose of taking paid time off.

(b) Banking of overtime will be on the basis of 1 1/2 hours for each hour of overtime. For example, an employee who works and submits 2 hours overtime will have his/her bank credited with three (3) hours.

(c) Part time employees will have the ability to bank hours, earned at straight time, in excess of their shift, as per the requirements of Article 6.03 and 6.17.

- (d) Following the vacation bid, employees will have the ability to request time off. Such time off must be taken from the employees time bank in a minimum of one (1) week blocks. Time off will be approved in seniority order subject to operational requirements at least four (4) weeks in advance. Granting of bank time will be given priority over requests for voluntary leaves of absence.
- (e) Once time requested in (d) has been approved, bank time of less than one week will be granted on a first come first serve basis in accordance with Article 6.17 (c).
- (f) The maximum number of hours in the Time Bank shall not exceed one hundred and eighty seven and one half (187.5) hours at any given time.
- (g) Upon request, employees may be paid out for hours banked under these provisions and such hours will be paid at straight time rates.

6.16 Training

- (a) The Company will continue to explore all approved methods available in order to reduce the amount of out of base training.
- (b) Should out of base training be required, travel time between the employee's base and the location of the training session shall be considered as time worked and paid at straight time rates.
- (c) Every effort will be made to hold training sessions during an employee's regularly scheduled work days. Operational and training schedules may not always allow this to happen. Where this is not achievable Article 6.05 will apply.
- (d) Travel time shall include thirty (30) minutes for airport processing/check-in.
- (e) It is recognised that employees must be available for training. If for reasons beyond the employees control the employee cannot attend training, the Company will make every reasonable effort to train the employee at another time or at his or her base.

6.17 Relief

- (a) At bases where there are sufficient vacation and known training requirements the Company will establish relief lines on the schedule.
- (b) Where relief lines are scheduled employees will be provided with a minimum (4) four week schedule.

- (c) Where relief lines are not scheduled as indicated in (a) & (b) above the Company will post their coverage requirements four (4) weeks in advance for vacation, stats, overtime bank, training and any other planned hours. Requirements not submitted to the Manager four (4) weeks in advance will be accepted by part time and casual agents on a voluntary basis.
- (d) In either (b) or (c) above, additional hours which have not been scheduled will be offered to part time employees then casuals in seniority order.
- (e) Hours not covered will be assigned first to casual then to part time employees in inverse order of seniority.
- (f) Where additional training is required for employees who bid relief lines, the employee will be required to stay in that position for one (1) year.
- (g) Agents working relief lines will be considered ticket agents for bidding purposes.

ARTICLE 7 - PROBATION

- 7.01 All new employees shall be required to serve a probationary period. Full-time employees shall serve a probationary period of six (6) months active employment at work. Employees other than Full-time shall serve a probationary period of 975 hours of active employment at work. During the probationary period a probationary employee shall be regarded as coming within the scope of this agreement.
- 7.02 A person employed by the Company who is not within the scope of this Agreement, and who transfers to a position coming within the scope of this Agreement, will be required to serve a probationary period as described in Article 7.01.
- 7.03 The Company reserves the sole right to make decisions regarding the termination or retention of an employee at any time during their probationary period.
- 7.04 Deleted

ARTICLE 8 - SERVICE & SENIORITY

8.01 COMPANY SERVICE means the length of service with the Company and shall commence from the most recent date of hire to the Company.

8.02 CLASSIFICATION SENIORITY means the length of service within a Classification and shall commence from the most recent date of entry into the Classification.

8.03 CLASSIFICATIONS OF CUSTOMER SERVICE AGENTS

The following classifications are not a limitation on assignment of work nor staffing requirements.

(a) Passenger/Cargo Agents - the duties generally performed by these employees may include but are not be limited to the following:

Processing of passengers; computing fares; reservations sales and ticket sales and related activity; process station accounting reports; processing baggage; attending to passengers requiring assistance to and from the aircraft; processing of weight and balance flight load forms and waybills and manifests for shipment of freight etc.; processing of claims for lost cargo or baggage; transmittal of load messages and other flight operations activity; assistance in sales related functions.

(b) Ramp Agents - the duties generally performed by these employees may include but are not be limited to the following:

Marshalling of aircraft on the ramp; de-icing of aircraft; cleaning of aircraft ramp work area; transfer of baggage and cargo to and from the aircraft; attending to passengers requiring assistance to and from the aircraft; grooming of aircraft; basic maintenance of ground equipment; ensure that aircraft is ready for departure.

(c) Security Agents - the duties generally performed by these employees may include but are not be limited to the following:

Security screening of passengers.

(d) Commissary Agents - the duties generally performed by these employees may include but are not be limited to the following:

Provision of commissary items to aircraft.

8.04 Seniority Lists shall be posted not later than March 1 of each year. Each employee will be permitted a period of fifteen (15) days after posting to protest in writing to the Company any error or omission affecting her/his seniority. All requests for corrections shall be actioned and finalised by the Company, after consultation with the Union, during the ten (10) calendar days following March 15. The corrected list shall then be posted not later than March 31, and will be considered as final and binding and will remain in effect until the following year.

- 8.05 As soon as possible following September 1, but not later than September 15 of each year, the Company will issue an addendum to the Seniority list showing all those employees who were hired subsequent to the posting under Article 8.05. Any corrections to the addendum will be made in accordance with Article 8.04.
- 8.06 A probationary employee's seniority shall not be exercised except as specifically provided for in this Collective Agreement.
- 8.07 In cases where employees were hired on the same day, the sequence of Company Seniority shall be determined by drawing lots.

In the event that more than one employee has the same classification seniority date, the employee with the longer Company service will be considered senior. In the event of equal Company service employees will have their seniority placement determined by the process of random selection.

- 8.08 Employees who transfer from one classification to another, in accordance with Article 10.02, shall be able to transfer that classification seniority to their new classification. Pay progression shall be based on accrued time in the new classification.
- 8.09 Deleted pending understanding of 8.11.
- 8.10 Seniority shall be accrued and retained, as indicated, subject to the provisions of this Agreement, during:
- (a) Absence due to layoff;
 - (b) Sickness, Maternity and Child Care;
 - (c) Authorised leave of absence;
 - (d) Suspension without pay;
 - (e) A legal strike or lockout.

- 8.11
- (a) When an employee accepts a position within the Company that is outside the scope of this Agreement the employee shall continue to accrue seniority for a period of six (6) calendar months. If the employee returns to the bargaining unit within this six (6) months they will revert to their previous job. An employee will be allowed to move once in an eighteen (18) month period.
 - (b) If the employee has not returned to a position in the bargaining unit prior to the expiration of the six (6) month period they will lose all accrued seniority.
 - (c) Positions, unless otherwise determined, will be filled as temporary vacancies for up to six (6) months.
 - (d) Supervisory/management personnel who hold seniority shall be given six (6) months from ratification to return to the bargaining unit. Return to the bargaining unit may only be through a Statement of Preference to fill an available vacancy or be assigned a

position by the Company. If they have not returned to the bargaining unit at the end of the six (6) month period, they will lose these six months and will commence losing accrued seniority at the rate of one (1) month for each month outside the scope of the agreement. If this employee has not returned to the bargaining unit by the end of this agreement any remaining seniority will be forfeited.

8.12 An employee shall forfeit all seniority and her/his employment shall be considered terminated if she/he:

- (a) resigns, or is terminated for just cause;
- (b) is absent without leave;
- (c) is not recalled prior to the end of the lay-off period;
- (d) fails to return from layoff under the recall procedure under Article 11;
- (e) retires.

or as otherwise provided for under this agreement.

ARTICLE 9 - LEAVES OF ABSENCE

9.01 Voluntary

- (a) The Company may, upon written request and at its sole discretion, grant an employee a leave of absence without pay for a period of up to six (6) months. Extensions, or leaves of a longer period may be granted by the Company, with mutual agreement from the union.
- (b) Requests for Leaves of Absence will be considered by the Company in order of Classification Seniority among those at the base requesting a leave at time of granting.
- (c) Pay progression shall be retarded by a period equal to the length of the leave of absence.
- (d) Employees on a leave of absence will receive their vacation time entitlement according to Article 12, but will receive reduced vacation pay based on a percentage of their gross earnings in the calendar year in which the leave was taken.

9.02 Maternity and Child Care

- (a) Maternity and Child Care Leave without pay shall be given in accordance with the provisions of the Canada Labour Code. Copies of the relevant articles of the Canada Labour Code shall be made available by the Company upon request.
- (b) The employee must request the Leave of Absence in writing, no later than four (4) weeks prior to the Leave, accompanied by a medical certificate certifying pregnancy, and specifying the estimated date of her confinement, the date she/he wishes to commence her leave, and an anticipated date of return to work.
- (c) An employee may request and shall be granted an additional unpaid leave of up to twenty-four (24) weeks of Child Care Leave in accordance with the Canada Labour Code.
- (d) In addition to 9.02 (c) above, The employee may request a further eleven (11) weeks to deal with Child Care responsibilities, provided such leave is in conjunction with the twenty four (24) weeks of Child Care Leave. Such leave will be granted based on operational requirements and will be given preference over leaves outlined in 9.01.

9.03 Jury Duty

- (a) Employees subpoenaed for Jury Duty will be granted time-off with pay for the duration of that Jury Duty, provided they remit any compensation received from the court, with a copy of the subpoena, to the Company.
- (b) Employees required to attend court, an investigation, or coroner's request as a witness for the Company, or as a result of cases arising out of his/her employment with the Company will be granted time off with pay.

9.04 Bereavement Leave

When a death occurs in the immediate family of an employee, the employee shall be entitled to paid bereavement leave as follows:

- (a) Death of spouse, common-law spouse or child - the first five (5) days immediately following the date of death.
- (b) Death of immediate family member other than spouse or child - the first three (3) days immediately following the date of death. For the purpose of attending the funeral, upon request, these days may be moved to a time which shall include the funeral date.

In cases where a death occurs during an employees vacation, paid bereavement leave will not apply. Immediate family is defined as the spouse (including common-law), children of employee and/or spouse, parents of employee or spouse, grandparents of employee or spouse, sisters and brothers of employee and spouse, and grandchildren of employee or spouse.

9.05 Compassionate Leave

Where there are circumstances which place an employee under severe strain and a temporary leave of absence is judged to be appropriate by the Manager, every attempt will be made to accommodate the employee where possible. Compensation, if any, during this leave will be determined by the employee's Manager in consultation with the Human Resources Department.

9.06 Union Business

An employee elected or appointed to a full-time position with the Union, necessitating a leave of absence, will be granted that leave without pay. Requests for such leave shall be made at least thirty (30) days prior to commencement. The Company shall receive at least thirty (30) days notice of the employee's return to work. The Union will reimburse the Company for the Company portion of Benefit costs, and the employee shall continue to pay her/his cost of benefits to the Company. During this leave, the employee shall accrue Company and Classification seniority. Travel privileges shall be continued for the period of the Leave.

ARTICLE 10 - TRANSFERS, CHANGES OF STATUS/CLASSIFICATION

- 10.01 Employees who wish to change status (i.e. part-time to full-time, or vice versa), or transfer to another base or classification, shall file a Letter of Preference with the Human Resources office. Employees shall list, in order of preference, the status and base to which they wish to move.
- 10.02 Selection of employees for vacancies under Article 10.01 shall be governed by merit, fitness, and ability. Where these are sufficient, the employee with the most classification seniority within the classification of the vacancy, shall be given preference. Where there are no Letters of Preference on file for employees holding seniority in that classification employees in other classifications shall be given preference prior to hiring outside the Bargaining Unit.
- 10.03 A Letter of Preference, once filed, cancels and supersedes all previously submitted Letters of Preference and remains valid until it has been withdrawn in writing by the employee.
- 10.04 An employee who is awarded or refuses to accept a position as a result of a Letter of Preference shall be ineligible for any subsequent vacancies for a period of twelve (12) calendar months.
- (a) This requirement shall not apply when changing status within a base.
 - (b) The Company may, at its discretion, modify this to a lesser requirement.
- 10.05 New hire employees are not entitled to file a Letter of Preference in their probationary period, except to change status within their base. At the end of their probationary period they may file a Letter of Preference for other bases.
- 10.06 An employee transferring to another base under the provisions of Article 10.01, shall be given thirty (30) days notice before effecting the transfer. This can be modified by mutual agreement between the Company and employee.
- 10.07 When a new base is established in any classification covered by this Agreement, and/or a classification is established in a base where it did not previously exist, all vacancies will be bulletined immediately and posted at all bases where employees are covered by this Agreement. The requirements outlined in 10.04 above may be waived.
- 10.08 Employees who have transferred from one classification to another, and who are unable to satisfactorily perform the duties of the new position within the first six (6) months, as determined by the Company, shall return to their former position and base.

10.09 Temporary Vacancies

- (a) Where temporary vacancies within the scope of this Agreement are created by the Company, they will be for a period of six (6) months or less, except in the case of coverage for the following, where the temporary vacancy shall be for the duration of the absence of the affected employee:
 - (i) Maternity, Parental, or Child Care Leave;
 - (ii) Authorised leave of absence in excess of six (6) months;
 - (iii) Absence on Weekly Indemnity or LTD;
 - (iv) Absence on Workers Compensation.
- (b) Temporary vacancies will be offered to employees in the following order:
 - (i) employees who are laid off and have recall to the position;
 - (ii) part time employees working in that classification at the base;
 - (iii) casual employees in that classification at the base;
 - (iv) Letters of Preference.
 - (v) new hires

Note: Employees will have the right to refuse temporary assignments.

- (c) An employee who accepts a temporary assignment under this Article shall not establish recall rights to that location by serving in such temporary assignment. At the end of the temporary assignment, the employee shall return to his/her previous position.
- (d) Where the temporary position within the scope of this Agreement, not covered by the exceptions listed above, extends to six months plus a day, and the parties have not mutually agreed, in writing, that this position may be extended, the Company must either immediately cancel the temporary vacancy and return the employee working the temporary vacancy to their previous position, or declare a permanent vacancy with the incumbent temporary employee having no prior claim or preference to the position.
- (e) Temporary vacancies at the base filled by new hires will be placed on the casual seniority list at the completion of the temporary vacancy.

10.10 Mutual Exchanges

Employees will be entitled to make a mutual exchange of positions, subject to the agreement of the Company and the President of the Local Union or designate.

- (a) There will be a maximum of three (3) locations involved in the exchange of positions.
- (b) Mutual exchanges will be governed by Article 10.02 and 10.04, i.e. they will be governed by the same restrictions as Letter of Preference.
- (c)
 - i) The employees involved have the required training to perform the duties in the new position.
 - ii) The exchange will not result in additional training costs for the Company.

- (d) Mutual exchanges will be processed once per year at the spring/summer shift bid. Requests for mutual exchange must be filed with the headquarters of the Local Union. The deadline for filing and/or withdrawing a request for a mutual exchange will be February 01 of each year. Employees will be required to exchange positions provided the mutual request has been approved by the Company and the Union.

- (e) Mutual exchanges will be approved between the senior agents in the respective locations and will be offered first to employees with recall rights and then Letters of Preference.

ARTICLE 11 - STAFF REDUCTIONS AND RECALL

11.01 REDUCTION OF STAFF: When the Company determines that there is to be a reduction of staff at a base, it will be in inverse order of seniority, within the affected classification and status at the base, according to the procedure in 11.02. Notwithstanding the preceding, for staff reductions of less than thirty (30) days, for reasons such as operational disruptions, the Company may reassign employees as required.

11.02

- (a) Probationary employees at the base in the affected classification and status will be terminated.
- (b) Employees covering a temporary vacancy at the base in the affected classification shall revert to their previous position.
- (c) The most junior employee at the base who is affected by the reduction of staff, will receive notice of the reduction of staff at least fourteen (14) days in advance of the reduction, and shall have the following options:
 - (i) Elect to displace the most junior employee in the same classification in the other status at the base ; or
 - (ii) Elect to displace the most junior employee in the system in the same classification in either status; or
 - (iii) Elect to displace the most junior employee in the same classification and status at a base where there is a more junior employee; or
 - (iv) Accept layoff status; or
 - (v) Elect termination of service with the Company, with no right of recall. In such a case, the employee will receive severance pay in accordance with 11.12 (a).
- (d) Only an employee who has bumped the most junior employee as per 11.02 (c) (ii) or an employee who receives a position through a Letter of Preference at the time of their layoff shall be eligible for the provisions of the moving policy as per Article 18.16.

11.03 An employee who is displaced by the above procedure shall have options 11.02 (c) (i), (ii), (iv), (v), subject to their classification seniority.

11.04 If, as a result of a bump, training is required in order that the employee can perform the duties required of the new position the Company will train the employee within a reasonable time.

11.05 An employee who has received notice of a reduction of staff must advise the Company with respect to her/his choice of options provided in Article 11.02 or 11.03 above within fourteen (14) calendar days of the date of such notice of lay-off. The employee may be required to report to her/his new position within twenty-one (21) calendar days following the date of acceptance of her/his choice of options.

11.06

- (a) If an employee who has received notice of a reduction of staff does not advise the Company of her/his choice of options under Article 11.02 or 11.03, she/he shall be deemed to have accepted lay-off status.
- (b) If an employee does not elect to exercise her/his displacement privileges in accordance with Article 11.02 or 11.03, she/he will forfeit such displacement privileges.

11.07 An employee on layoff shall file, in writing, a Letter of Preference, her/his address and telephone number with the Company, and shall be responsible for keeping the Company informed of any changes. Such Letter of Preference shall not supersede the recall procedure outlined in 11.09.

11.08 The Company will consider requests for Leaves of Absence at an affected base in order to avoid the layoff of other employees.

11.09 RECALL PROCEDURE: When a vacancy occurs within a classification and status at a base, the following sequential procedure will be used until the vacancy is filled:

(a) Full-Time Vacancies:

- (i) Offer the vacancy to the most senior full-time employee who is currently laid off, or has been previously displaced, from that base.
- (ii) Fill the vacancy through Letters of Preference, according to Article 10.01 to 10.08.

(b) Part-Time Vacancies:

- (i) Offer the vacancy to the most senior employee, regardless of status, who is currently laid off, or has been previously displaced, from that base.
- (ii) Fill the vacancy through Letters of Preference, according to Article 10.01 to 10.08.

(c) Casual Vacancies:

- (i) Offer the vacancy to the most senior employee, regardless of status, who is currently laid off, or has been previously displaced, from that base.
- (ii) Fill the vacancy through Letters of Preference, according to Article 10.01 to 10.08.

11.10

- (a) An employee who is on laid off status shall be eligible for recall for a maximum of five (5) years. The employee will accrue classification and Company seniority (except for pay purposes) during this period.

- (b) Should an actively working employee refuse a recall to her/his former status and base, she/he shall lose all right of recall to that base. In addition, if an employee is currently on lay-off, and refuses a recall to her/his former status and base, she/he will be considered as having resigned from the service of the Company, with loss of seniority rights and privileges.

11.11 An employee with recall/displacement rights to more than one position will have the option when recalled, of either accepting or declining the recall. If they accept, they will automatically forfeit recall rights to any other position. If they decline, the employee will forfeit recall rights to the position to which they are being recalled and will maintain recall rights to other positions from which they were laid off or displaced.

11.12 Severance

- (a) When an employee terminates their employment in accordance with 11.02 (c) (v) or 11.03 (iv) they will receive severance allowance equivalent to one (1) week of pay per completed year of service to a maximum of sixteen (16) weeks.
- (b) If an employee on layoff does not return to work prior to the expiration of their recall rights they will receive severance in accordance with the Canada Labour Code.

11.13 Base Closure

- (a) Prior to the closure of a base the Company shall provide the President of the Local with as much notice as possible, but in no event will such notice be less than thirty (30) calendar days, outlining the number, names, status and seniority of employees who will be affected and the expected date of the closure.
- (b) Employees employed at a base which is to be closed shall have options as outlined in Article 11.02 (c) (ii), (iii), (iv), (v). An employee who elects the severance option will be eligible one pass for each completed year of service.
- (c) An employee who has received notice of a base closure must advise the Company with respect to her/his choice of options provided in Article 11.02 or 11.03 above within fourteen (14) calendar days of the date of such notice of lay-off. The employee may be required to report to her/his new position within twenty-one (21) calendar days following the date of acceptance of her/his choice of options.

11.14 In the event of an industrial dispute which requires a staff reduction, Article 11.01 through 11.12 shall not be actioned, except as outlined below, until an initial forty five (45) day period has passed.

- (a) When the Company has received sufficient warning of the disrupting occurrence, it will give each employee a minimum of fourteen (14) days notice.

- (b) Article 11.08 may be actioned immediately. If there are insufficient volunteers, layoff shall be in inverse order of classification seniority. In order to maintain the operation, work will be:
 - (i) offered by classification seniority, and then;
 - (ii) assigned in inverse order of classification seniority by status
- (c) Previously approved vacation shall not be altered, except where mutually agreed between the Company and the employee.
- (d) No planned overtime will be worked while any employees are laid off.
- (e) The Company will maintain its share of the benefit premiums for the duration of the layoff.
- (f) Recall of employees after such a dispute shall be by order of classification seniority by calendar day at each location in accordance with the previously published shift schedule, provided it is still in effect. If it is no longer in effect, recall will be by classification seniority.
- (g) Following an initial forty five (45) day period, employees shall have the right to exercise their seniority in accordance with Article 11.

ARTICLE 12 - GENERAL HOLIDAYS

12.01 The following 10 days are recognised by the Company as General Holidays:

New Year's Day - January
Good Friday - March or April
Victoria Day - May
Canada Day - July
Heritage Day - August
Labour Day - September
Thanksgiving Day - October
Remembrance Day - November
Christmas Day - December
Boxing Day - December

12.02 A Full Time employee who is scheduled to and works on a General Holiday, will be entitled to receive either:

- (a) his regular wages for the hours worked and credit for an amount of hours equivalent to one half (1/2) his hours worked plus the equivalent of a regular day, as defined under Article 12.05, which shall be banked and taken at a mutually agreed upon date; or,
- (b) time and a half (1 1/2X) his hourly rate for the hours worked, and a regular day's wages, as defined under Article 12.05.

12.03 In the event a General Holiday falls on a Full Time employee's scheduled day off, he shall be entitled to receive a regular day off in lieu of the General Holiday, defined under Article 12.05, which shall be banked and taken at a mutually agreed upon date.

12.04 If an employee is scheduled to work on a General Holiday and is subsequently given the General Holiday off, the employee's wages shall not be adjusted.

12.05 A General Holiday will be equivalent to 7 1/2 hours for Full Time employees.

12.06 Part Time employees who work on a general holiday will receive 1 1/2X their regular rate for all hours worked on the holiday, and will receive the average dollar value of their last 20 days worked, excluding overtime.

Part Time employees who do not work on the general holiday will receive 1/20th of gross wages earned in the 30 days preceding the general holiday.

12.07 All employees must complete 30 calendar days of employment in order to be eligible for the provisions outlined in this Article.

12.08 At bases where the Company reduces the work requirements on a General Holiday, the requirements will be filled in the following manner:

- (a) At least fourteen (14) days prior to the General Holiday, the Company will post the requirements.

- (b) Requirements will be offered in order of classification seniority, by status, to those scheduled to work that day in that position.
- (c) In order to meet any outstanding requirements, the most junior employees, within a position and status, who are scheduled to work that day will be assigned the work.

ARTICLE 13 - VACATIONS

13.01 The Vacation Year shall commence January 1st in any year and terminate on December 31st of the same year. Vacation entitlement accrued in the current Vacation Year will be taken in the subsequent Vacation Year.

13.02

- (a) A Full Time employee who has worked a full Vacation Year shall be entitled to take the following vacation periods:

COMPLETED LENGTH OF VACATION ENTITLEMENT
SERVICE WITH THE COMPANY

Less than one year	Proration of 2 weeks
1 year to 3 years inclusive	2 weeks
4 years to 9 years inclusive	3 weeks
10 years or more	4 weeks

In the calendar year in which an employee attains three (3) years of service and ten (10) years of service, vacation entitlement for that calendar year will be prorated based on her/his anniversary date from her/his date of hire. For example, if an employee hired on April 1, 1989 attains three (3) years of service on April 1, 1992, her/his 1992 vacation entitlement (accrued in 1991) would be based on 4/12 of two (2) weeks and 8/12 of three (3) weeks.

A Full-time employee shall receive their normal salary when vacation is taken. If the appropriate percentage of the previous years earnings is greater than the amount of vacation pay received the difference shall be paid to the employee within two (2) months of the end of the calendar year.

- (b) A week of vacation for Full-Time employees shall be defined as thirty seven and one half (37.5) hours of time.
- (c) Part-Time employees shall receive time-off for vacation purposes according to the entitlement schedule under Article 13.02(a); vacation pay shall be a percentage of their gross earnings in the previous calendar year, based on length of service with the Company:

Less than one year up to 3 years:	4%
4 years up to 9 years:	6%
10 years or more:	8%

- (d) Vacation entitlement is not cumulative from one year to the next, unless special circumstances warrant otherwise, in which case prior approval is required in writing from Director, Customer Service.

13.03

- (a) The Company will post a list of available vacation periods at each base by November 1 of each year so that employees may select their vacation period for the upcoming year. The Company agrees not to embargo vacation periods without providing the reasons for such to the Union. Employees will be required to submit their choice of vacation period to the Company within 2 weeks of the posting of the vacation list. The Company will post an approved list of awards at each base not later than December 1.
- (b) Vacation awards at each base will be based on Classification Seniority. Employees who have transferred from another base, been displaced, exercised displacement rights, or have returned from a layoff or leave of absence, shall not be allowed to exercise their seniority and must select from available vacation periods.
- (c) When a vacation period can be covered by an individual(s) who is qualified in more than one (1) classification, the appropriate classifications may be merged for the purpose of vacation bidding. Vacation shall be awarded in order of overall classification seniority.
- (d) An employee may split their vacation entitlement into a number of blocks equivalent to their vacation week entitlement. In such a case, an employee's first preference will be in order of classification seniority, with the awarding of her/her subsequent preferences occurring only after all other employee have made their selections. These subsequent preferences will be awarded in order of classification seniority.
- (e) Employees who fail to designate their choice of vacation dates prior to the times described in Article 12.03 (a) will be assigned dates after all other employees in that base have been assigned.
- (f) The Company's intention is to not adjust an employee's awarded vacation. Only under exceptional circumstances and after all alternatives have been exhausted will an employee's assigned vacation be changed. The affected employee shall be granted equivalent vacation at a period of their choice providing such period is not embargoed.
- (g) Vacation periods which become available subsequent to the process in Article 12.03 (a) will be offered to employees according to the provisions of this Article.

13.04 An employee who is unable to commence her/his scheduled vacation period due to illness or injury may reschedule her/his vacation to a later available period.

13.05 Vacation dates will not be exchanged between employees without the prior approval of the Company and Union.

13.06 Employees who leave the service of the Company for any reason are entitled to receive pay in lieu of accrued vacation. Their date of termination will not be extended beyond the last day worked.

ARTICLE 14 - GRIEVANCE PROCEDURE

- 14.01 For the purposes of this Agreement a grievance is defined as any difference between the Company and the Union, and/or those parties on whose behalf this Agreement was entered into, concerning the interpretation or alleged violation of this Agreement.
- 14.02 Any employee who considered herself aggrieved shall first attempt to obtain a satisfactory settlement from her/his immediate supervisor within five (5) days of the occurrence of the event or reasonable awareness thereof. An extension to this time limit may be granted and shall not be unreasonably withheld. The supervisor will render their decision within five (5) days. Where the employee feels that the result is not satisfactory, a grievance may be initiated in writing within ten (10) days of the decision of the employee's immediate supervisor through the following steps:
- Step 1: Regional Manager, Customer Service or his designated representative.
- Step 2: Director, Customer Service or his designated representative.
- 14.03 The Company or the Union may initiate a general or policy grievance in writing on any difference concerning the interpretation, or alleged violation of this Agreement within fifteen (15) days of the occurrence or reasonable awareness thereof. An extension to this time limit may be granted and shall not be unreasonably withheld.
- 14.04 Any grievance not submitted within the prescribed time limits will be considered to have been abandoned and without recourse. An extension to this time limit may be granted and shall not be unreasonably withheld.
- 14.05 All grievances shall be signed by the griever, or the Union Officer on her/his behalf, and specify in writing the following:
- (a) The nature of the grievance and the circumstances out of which it arose.
 - (b) The Article or Articles alleged to have been violated.
 - (c) The remedy or correction requested.
- 14.06 At any hearing held throughout these grievance procedures, the griever(s) shall have the right to be represented by an employee of the Company or a duly accredited representative(s) of the Union.
- 14.07 Upon request of either party, the other party shall provide the requesting party with copies of all documents relevant to the grievance to the extent it is practical and reasonable to do so.

14.08 Once a grievance has been initiated the following limits shall apply at Steps 1 and 2:

- (a) A hearing shall be held within ten (10) days of receipt by the Company of a written notice of grievance.
- (b) All decisions shall be rendered within ten (10) days of the hearing and shall be communicated in writing to all parties concerned.
- (c) Grievance appeals shall be lodged in writing within ten (10) days of receipt of the decision.
- (d) Time limits will be exclusive of Saturdays, Sundays and General Holidays and may be extended by mutual agreement in writing. Such extensions shall not be unreasonably withheld.
- (e) Any grievance decision not appealed by the Union or the Company within the relevant time limits, except where the time limits have been extended by mutual agreement, shall be final and binding on the parties concerned, however it will be considered without prejudice.
- (f) The Company shall make every effort to reply within the relevant time limits. Any grievance decision not rendered by the Company within the relevant time limits, except where the time limits have been extended by mutual agreement, shall be automatically advanced to the next step.

14.09 Any grievance not resolved at Step 2 of this Article may be referred to Arbitration, in accordance with Article 15.

ARTICLE 15 - DISCIPLINE AND DISCHARGE

- 15.01 No employee shall be disciplined or discharged without just cause. An investigatory hearing between the Company and the employee will take place prior to disciplinary or discharge action being taken.
- 15.02 The Company will advise an employee of the reason for any discussion regarding an investigation which could lead to discipline or discharge. An employee may request the presence of an employee of the Company or a duly accredited representative(s) of the Union.
- 15.03 An employee who has been disciplined or discharged may file a grievance in accordance with Article 14. However, by mutual agreement between the Company and the Union, grievances under the provisions of this Article may proceed directly to Step Two of the Grievance procedure or to Arbitration.
- 15.04 Where disciplinary or discharge action is contemplated, the individual involved may, where necessary, be held out of service pending investigation for a maximum of seven days to provide the Company with sufficient time to investigate and consider all factors. In such a case, the employee's pay shall not be adjusted until a decision has been made by the Company.
- Where disciplinary or discharge action is taken, the suspension shall be considered as time served with respect to the disciplinary penalty.
- 15.05 When disciplinary or discharge action is taken by the Company, the employee will be advised in writing, together with the reasons therefore, with a copy to the Union.
- 15.06 Disciplinary documents will be removed from an employee's file(s) and considered inadmissible as evidence in any disciplinary proceedings after two (2) years, provided two (2) years have elapsed without further disciplinary action.
- 15.07 In the event that discipline or discharge is modified through either the Grievance or Arbitration procedures, the original advice shall be removed from the employee's personnel file, and replaced with the modified advice where the employee is not completely exonerated.

ARTICLE 16 - ARBITRATION

- 16.01 Notice of Intention to proceed to Arbitration shall be made in writing to the Director, Human Resources and Labour Relations or his designated representative within fifteen (15) calendar days of the decision at Step 2 of the Grievance Procedure, or as the case may be, within fifteen (15) calendar days from the date such decision should have been rendered. Following a further ten (10) day grace period, should the Notice of Intention not be submitted, it will be considered to have been abandoned and without recourse. Extensions to the above time limits may be requested and shall not be unreasonably withheld.
- 16.02 An Arbitrator, selected jointly by the parties, will be named within fifteen (15) calendar days of receipt of the Company's or Union's final decision. If the parties are unable to agree on the choice of Arbitrator within fifteen (15) calendar days of the notice of intent to arbitrate, either party may request the Minister of Labour to name the Arbitrator.
- 16.03 Following the appointment of an Arbitrator in 15.02, the Arbitrator shall meet and hear evidence of both parties and render a decision within thirty (30) days thereafter.
- 16.04 The decision of the Arbitrator shall be final and binding upon the Company, the Union and the employees involved.
- 16.05 The Arbitrator's award shall be stated in writing and furnished to the Company and the Union. The Arbitrator shall have no jurisdiction to alter, modify, amend or make any decision inconsistent with the terms of this Agreement.
- 16.06 The Arbitrator shall establish his own procedure consistent with the requirements of natural justice.
- 16.07 At any Arbitration procedure, the Union and the Company shall have the right to be represented by any person(s) whom they choose or designate.
- 16.08 At any hearing(s) held throughout the Arbitration procedures, all witnesses and representatives who are employees of the Company shall be given time off without pay, subject to operational requirements and space available travel on Company flights, in accordance with Company policy. Expenses and lost time of witnesses and representatives for either party shall be borne by that party. Time off will not be unreasonably withheld.
- 16.09 The compensation of the Arbitrator and expenses incurred by him shall be borne equally by the Company and the Union.
- 16.10 The Company and the Union may, by mutual consent, submit any matter under this Article to a Board of Arbitration for determination in accordance with the above procedures.

ARTICLE 17 - HEALTH AND SAFETY

- 17.01 The Company and the Union agree to promote and encourage safety practices that will ensure the safety and health of all employees, pursuant to the Canada Labour Code and WHMIS legislation. Employee representatives will participate in the regularly scheduled Company Safety and Health Committee meetings. Each employee is encouraged to bring situations, which in his/her opinion represent a hazard, to the attention of the employee at risk and/or the Company.
- 17.02 Safety and Health Committees
- Safety and Health Committees shall be maintained and/or established pursuant to the requirements of the Canada Labour Code. Employees shall be represented on the Committees through a representative appointed by the Union.
- 17.03 The Company shall post and keep posted the names and bases of all the members of the Safety and Health Committee in a conspicuous place or places where they are likely to come to the attention of the employees.
- 17.04 Upon successful completion of basic CPR and/or First Aid Training employees shall be reimbursed for the cost of registration and books, providing prior approval has been received from their manager.
- 17.05 The Company shall provide CSA A standard hearing protection for each employee who performs duties on the ramp. Costs due to loss or damage shall be borne by the employee.
- 17.06 The Company's Clean Air Policy shall not be amended without prior consultation with the Union.

ARTICLE 18 - GENERAL

- 18.01 The Union shall notify the Company in writing of the names of its designated representatives and the general chairperson, and of any changes in the personnel thereof.
- 18.02 Any Letter of Understanding negotiated between the Company and the Union shall be deemed to form part of this Agreement. To be valid, a Letter of Understanding shall be identified by a heading and a number, and must be signed by representatives of both parties at the Headquarters level.
- 18.03 The Company shall supply the Union, on an annual basis, with a bargaining unit employee address list, and a current seniority list, including employees not on active payroll, with the reasons for the absence.
- 18.04 System Union-Management Committee meetings will be held on a quarterly basis between Union Headquarters and Company representatives. Topics for discussion shall not include matters submitted to the grievance or arbitration provisions of this agreement, except with the mutual agreement of both parties. The dates of these meetings will be established by mutual agreement.
- 18.05 Time-off for Union business will be granted at no cost to the Company, subject to the Company's operating requirements. The Union shall be billed at straight time for the time off.
- 18.06 Passes for Union business shall be provided, subject to the Company's Pass policy as follows:
- Positive space passes - Collective Bargaining meetings with the Company; meetings with the Company which are requested by the Company; maximum of two for arbitration hearings; Grievance hearings; meetings with the Company which are requested by the Union.
- Space available passes - Other Union business
- 18.07 In the event that the Company changes ownership, merges with another company or in any way changes its corporate identity, this Agreement will remain in full force and effect and the Union recognition now in effect and/or the certificate issued by the Canada Labour Relations Board then in existence shall not be affected in any way except as otherwise governed or directed by the Board. The Company further agrees to enter into negotiations with the Union relative to protection of employees' seniority and other conditions of this Agreement. Failing settlement, the provisions of the Canada Labour Code will apply.
- 18.08 The Company shall provide Bulletin Boards on which the Union shall have the right to post notices. The use of such bulletin boards shall be restricted to the business affairs of the Union and are to bear the signature of a designated employee representative or a member of the Executive of the Local or National Union.

18.09 One copy of this collective agreement and any subsequent changes will be furnished to each employee within sixty (60) days of ratification of this Agreement. The size and method of producing the Agreement shall be agreed to by the Company and the Union, and the cost of printing will be borne equally by the Company and the Union.

18.10 Technological change will be handled in accordance with the Canada Labour Code. The Company shall provide the Union with material pertaining to technological change which may be required to ensure that the fullest discussions will take place on matters affecting the employees in the bargaining unit.

18.11 Sexual And Personal Harassment

- (a) The Company recognises the right of employees to work in an environment free from harassment. Employees are covered by the “Workplace Harassment Policy” (attached as Appendix “A”). Subsequent to the completion of the investigation and reporting requirements of the policy, remedial action and/or disciplinary action will occur where appropriate.

Notwithstanding the complaint procedure outlined in the “Workplace Harassment Policy”, when a complaint is filed between Customer Service Agents covered by this agreement the process outlined below will be utilized.

Complaints of workplace harassment should promptly be drawn to the attention of your Manager and/or Union Representative(s). If the first avenue of communication is difficult the complainant may go to any Senior Management and/or Union Representative, including the President and/or the President of the Local. The complaint should be in writing, should describe the incident(s), with details as to dates and names and be signed by the individual. The complaint will be brought to the attention of the Director, People and Information Systems who will take appropriate action.

- (d) All complaints of harassment will be investigated in a prompt, confidential and impartial manner until such time as they are resolved. Any employee who believes he or she is a victim of harassment is encouraged to report the matter. Retaliation in any form against a complainant or a witness to a case of harassment is unacceptable and will be subject to disciplinary action.

- (e) Workplace Harassment Joint Investigation Procedure

When a complaint is filed as per 18.11 (b), the process outlined below will be followed:

1. An uninvolved management representative and an individual selected by the Union will arrange to conduct a joint investigation.
2. The investigation will start with a fact-finding interview of the complainant, the alleged offender (the alleged harasser) and any witnesses identified by either.
3. If the matter remains unresolved at the completion of the investigation, a joint report will be prepared by the investigators. Where the preparation of a joint report is not possible

the investigators may submit separate reports, copied to the other party. A recommendation to resolve the complaint will be made by the Company representative. The Union representative may choose whether or not to submit a recommendation.

4. The report(s) shall be submitted to the Director of People and Information Systems for determination fourteen (14) calendar days after all aspects of the complaint are fully investigated. The decision will be communicated to the complainant in writing, within five (5) calendar days after the determination.
5. Appropriate action will be taken following the determination of the investigation, including disciplinary action where appropriate.
6. Where any party to the proceeding is not satisfied with the decision and/or action taken, they may request a review of the decision, within fourteen (14) calendar days of receipt by the Director of People and Information Systems. The President or designate and the President of the Local Union will jointly review the decision.
7. Where the CAW is not satisfied with the decision, the complaint will within fourteen (14) calendar days be referred to expedited arbitration with a single arbitrator who shall be selected by mutual agreement between the Company and the Union.

Where the complainant is not satisfied with the determination and/or action taken, redress is also available under the Canadian Human Rights Act.

18.12 Uniforms

- (a) All employees shall conform with the dress code and uniform policy established by the Company.
- (b) The Union shall appoint one employee from the bargaining unit to provide input into decisions regarding cost, style, or changes to the uniform.
- (c) Where the Company requires employees to wear uniforms the costs of such uniforms shall be paid 50% by the Company and 50% paid by the employee.

Customer Service Agent's share of the uniform cost may be paid by payroll deduction over a period of up to twelve (12) months. The minimum payroll deduction will be twenty-five dollars (\$25.00) per month except for a final balancing payment.

- (d) Full-time employees who are required to wear a uniform which must be dry-cleaned, will receive a monthly allowance of thirty dollars (\$30.00). This allowance will be prorated for employees of any other status.
- (e) Where uniform footwear is a requirement of the Company, the Company, upon proof of purchase or repair, reimburse the employee fifty percent (50%) of the cost of the same to a maximum of one hundred and twenty dollars (\$120.00) every 12 months.
- (f) Where safety footwear is a requirement of the Company or is legislated, the Company, upon proof of purchase or repair, reimburse the employee fifty percent (50%) of the cost of the same to a maximum of one hundred and twenty dollars (\$120.00) every 24 months.

- (g) The Company will provide 2 pairs of coveralls to each Ramp employee on a yearly basis, at no cost to the employee.
- (h) Upon written request, the Company shall provide, free of charge, a maximum of two (2) maternity jumpers for the required period of the pregnancy. The jumpers shall be returned dry-cleaned and in good repair upon commencement of maternity leave.

Employees may purchase maternity pants and tunic in accordance with article 18.12.

18.13 The Company reserves the right to make payroll deductions for overpayment or any monies owed to the Company. Prior to making such deductions the Company will notify the employee of the amount owing and discuss the repayment schedule. The minimum payroll deduction will be twenty-five dollars (\$25.00) per pay cheque over a twelve (12) month period except for a final balancing payment.

18.14 In this agreement, unless otherwise specifically stated, the feminine shall include the masculine, and the singular shall include the plural.

18.15 Lead Agents

- (a) Lead Agents shall be responsible for directing the work of others while performing similar work. The duties of the employees will vary according to the work location. They shall have a general responsibility for work standards, instruction and direction of the employees for whom they are the lead. Leads shall not be required to carry out formal discipline of employees covered by this Agreement.
- (b) The decision to introduce, maintain or terminate a Lead position will rest with the Company.
- (c) Bids for a Lead position will only be accepted from employees at that location. To be qualified as a Lead Agent the employee must already be working in the applicable position.
- (d) The Company shall have the right of selection from amongst the bidders.
- (e) The Company shall determine the required hours of coverage and shift schedules shall be built in consultation with the incumbents.
- (f) Except by mutual agreement, once a Lead Agent position has been accepted the employee shall remain in that position for at least twelve (12) months.

18.16 Moving Policy

- (a) The actual cost of moving household and personal goods, including packing and unpacking, and disconnecting and reconnecting of appliances, and mileage allowance (one vehicle) will be paid by the Company. Costs associated with such items as building materials and firewood, automobiles, storage sheds, goods from a second residence, servicing of waterbeds, and disassembling and assembling of specialty items such as pool tables and swing sets are not included.

- (b) A maximum of thirty seven and one half (37.5) hours paid time off, subject to operational requirements and individual circumstances, will be granted to allow the employee to house/apartment hunt and relocate to the new location. Associated meal and accommodation costs for the employee and spouse and dependent children would be paid by the Company, based on existing meal per diems, with dependent children receiving 50% of the per diem.

- (c) If housing is not immediately available, accommodation and meal costs for the employee and her spouse and dependent children will be paid by the Company, based on existing meal per diems, for up to fourteen (14) calendar days. Dependent children would receive 50% of the per diem. The meal per diem would not apply in cases where the employee was already receiving it for a work related reason.

ARTICLE 19 - COMPANY BENEFITS

19.01

- (a) Each Customer Service Agent shall be covered by the Company's Sick Leave, Weekly Indemnity, Group Insurance and Pension Benefits according to the terms of these Plans and as described in the Employee Handbook.
- (b) Premium cost share arrangements, effective upon ratification of this agreement, shall be maintained.
- (c) The benefits provided under the terms of the above Plans will not be amended without the consent of the Union. Insurance carriers may be changed at the discretion of the Company provided comparable benefits are maintained.
- (d) Where Provincial Medical Coverage is not provided for by legislation, the cost of such coverage shall be borne 60% by the Company and 40% by the Customer Service Agent.

ARTICLE 20 - DUES DEDUCTION

- 20.01 The Company shall deduct on the payroll for each pay period, as per the Company's designated payroll periods, from wages due and payable to each employee, coming within the scope of this Agreement, an amount equivalent to the dues of the Union; subject to the conditions set forth herein.
- 20.02 The amount to be deducted shall be equivalent to the regular dues payment of the Union and shall not include assessments, initiation fees or fines. The amount to be deducted shall not be changed during the term of the Agreement except to conform with a change in the amount of regular dues of the Union in accordance with its constitutional provisions.
- 20.03 Membership in the Union will be available to any employee under the Constitution of the Union on payment of the initiation or reinstatement fees uniformly required of all other such applicants.
- 20.04 Deductions shall commence on the first applicable pay period following an employees first date of service within a classification covered by this Agreement.
- 20.05 If the wages of an employee payable for any pay period are insufficient to permit a full deduction of dues, no such deduction shall be made from the wages of such employee by the Company in that pay period. The Company shall not, because the employee did not have sufficient wages payable in any pay period, carry forward and deduct from any subsequent wages the amount not deducted on an earlier pay period.
- 20.06 The amount of dues so deducted from wages accompanied by a statement of deductions from individuals, shall be remitted by the Company to the Union not later than thirty (30) calendar days following the last pay period in the month in which the deductions were made.
- 20.07 The Company shall not be responsible financially or otherwise, either to the Union or to any employee for any failure to make deductions or for making improper or inaccurate deductions or remittances other than to adjust the error in a subsequent remittance. The Company's liability for any and all amounts deducted pursuant to the provisions of this section shall terminate at the time it remits payment to the Union.
- 20.08 In the event of any action at law against the parties hereto resulting from any deduction or deductions from payrolls made or to be made by the Company pursuant to this Section of this Agreement, all parties shall cooperate fully in the defence of such action. Each party shall bear its own cost of such defence except that if, at the request of the Union, counsel fees are incurred, these shall be borne by the Union. Save as aforesaid, the Union shall indemnify and save harmless the Company from any losses, damages, costs, liability or expenses suffered or sustained by it as a result of any such deduction or deductions from payrolls.

ARTICLE 21 - CASUAL EMPLOYEES

- 21.01 The Company will staff its operations with Full Time and Part Time employees providing there is productive use of employee resources.
- 21.02 Where the Company has a requirement to utilize Casual employees the following rules will apply:
- (a) Hours of Service - Casual employees will work on an as required basis as outlined in Article 6. Hours of work will be distributed among the employees available to perform the work in order of classification seniority. Casual employees will be required to make themselves available for work on a regular basis. A casual who refuses a third assignment in a three (3) month period without a valid reason will be considered to have resigned.
 - (b) Overtime - as per Article 6.11
 - (c) Rates of Pay - Casual employees will be paid the hourly rate of pay for the classification in which they work and in accordance with Article 5.01.
 - (d) Seniority - Casual employees will have their own seniority list which shall commence from their date of hire. When a casual employee moves to a permanent position within the bargaining unit a new classification date will be calculated to credit them with the accumulated hours.
 - (e) Vacancies - Casual employees shall be permitted to submit a Letter of Preference, using date of hire seniority, which shall only be actioned after all other letters of preference.
 - (f) Vacation - Vacation Pay of four percent (4%) of gross earnings will be paid on each pay cheque for a pay period.
 - (g) Holidays - Compensation for work on a general holiday will be in accordance with the Canada Labour Code.
 - (h) Pension - After two (2) years of service Casual employees will have the option of joining the Company Pension Plan.
 - (i) Grievance - Casual Employees will have access to the grievance and arbitration procedure.
 - (j) Dues - Deduction of Dues will be in accordance with CAW policy.
- 21.03 The Company will provide the Union with a list of Casual employees currently on staff. The Company agrees to advise the Union prior to hiring any casual employees. Should the Union have concerns regarding the utilization of casuals they may request a meeting in accordance with Article 6.03 (a).

ARTICLE 22 - DURATION AND RENEWAL

22.01 This Agreement shall be in effect from the date of ratification and continue in full force and effect until December 31, 2000.

22.02 This Agreement shall remain binding until its expiry date and from year to year thereafter, unless notification in writing to reopen this Agreement is served by either of the parties hereto, such notification to be served not earlier than one hundred and twenty (120) calendar days and no later than sixty (60) calendar days prior to the expiration date in any year. In the event such notice is given of intended changes, this Agreement shall remain in full force and effect while negotiations are being carried on for a new Agreement.

IN WITNESS WHEREOF the parties hereto have signed this Agreement on this day of
at , 19 .

FOR Canadian Regional Airlines Ltd.

FOR NATIONAL AUTOMOBILE,
AEROSPACE, TRANSPORTATION &
GENERAL WORKERS OF CANADA
(CAW-CANADA), LOCAL 1990

APPENDIX A

WORKPLACE HARASSMENT POLICY

Purpose

To provide a work environment free of harassment for all employees which is supportive of the dignity, self-esteem and contribution of all employees.

To ensure all employees are aware of the seriousness with which the company views harassment. Harassment will not be tolerated by the company and confirmed incidents may result in disciplinary action, up to and including dismissal.

Definition

"Harassment" means conduct in the workplace that creates an intimidating, threatening, coercive or hostile work environment such that:

- the individual's work performance is impaired
- the individual's employment relationship is adversely affected, or
- the individual's dignity or respect is denied

Workplace harassment constitutes one or more of the following areas:

Conduct Constituting Personal Harassment that Targets:

- age
- conviction for which a pardon has been granted
- disability
- marital or family status
- political belief or affiliation
- race, nationality or place or origin, colour
- religion
- sexual orientation
- union membership

Conduct Constituting Sexual Harassment:

Sexual harassment may be any singular or repeated comment, gesture, contact, or conduct of a sexual nature, which is known or ought reasonably to be known to be unwelcome. Sexual harassment targets gender and includes pregnancy and childbirth. Such conduct is usually one-sided and coercive, may be overt or implicit, and may include the following examples:

- sexual innuendo (even perhaps in the guise of humour)
- touching or patting

- sexually suggestive remarks or other verbal abuse about gender
- demands for sexual favours
- leering or compromising invitations
- physical assault
- implied or actual threats to the victim or his/her job
- offensive materials or language whether written or visual such as graffiti or degrading pictures
- placing a condition of a sexual nature on employment, rewards, avoidance of punishment, or opportunities for training, transfers or promotion

Conduct Constituting Harassment that Results in a Poisoned Work Environment for the Victim, such as:

- derogatory jokes
- offensive literature
- racial slurs
- hazing or initiation activities
- degrading comments
- other activities that intrude upon a person's or group's dignity or that create an intimidating, hostile or offensive atmosphere

Complaint Procedure

Complaints of workplace harassment should promptly be drawn to the attention of your Manager or any Senior Management, including the President, if the first avenue of communication is difficult. The complaint will be brought to the attention of the Director, Human Resources and Labour Relations who will take appropriate action. Redress is also available under the Canadian Human Rights Act. The complaint should be in writing, should describe the incident(s), with details as to dates and names, and be signed by the individual.

All complaints of harassment will be investigated in a prompt, confidential and impartial manner until such time as they are resolved. Any employee who believes he or she is a victim of harassment is encouraged to report the matter. Retaliation in any form against a complainant or a witness to a case of harassment is unacceptable and will be subject to disciplinary action.

When a complaint is filed, the process outlined below will be followed:

- An uninvolved management representative from the complainant's department and another uninvolved management person will begin to conduct an investigation.
- The investigation will start with a fact-finding interview of the complainant, the alleged offender (the alleged harasser) and any witnesses identified by either.
- A determination will be made fourteen (14) days after all aspects of the complaint are fully investigated. The decision will be communicated to the complainant in writing, within five (5) days after the determination.
- Appropriate action will be taken following the determination of the investigation, including disciplinary action where appropriate.

Where the complainant is not satisfied with the determination and/or action taken, the employee may submit a grievance where a grievance procedure is available.

All information concerning the complaint will be kept confidential and not placed on the complainant's file. Should the complaint be unsubstantiated it will not be placed on the alleged harasser's file. No information concerning the complaint will be placed on the file of any witness. Where the complaint is determined to be of a frivolous, vindictive or vexatious nature, action will be taken against the complainant and/or appropriate parties.

LETTER OF UNDERSTANDING #1

BY AND BETWEEN:

Canadian Regional Airlines Ltd.

AND:

The National Automobile, Aerospace, Transportation and General Workers of Canada
(CAW-CANADA), Local 1990

RE: BANKING OF GENERAL HOLIDAYS FOR PART TIME EMPLOYEES

It is the Company's intent that when the budget allows for upgrading computer technology and Payroll system re-programming, such re-programming will include General Holiday banking provisions for part time employees.

FOR THE COMPANY CANADIAN REGIONAL
AIRLINES LTD.

FOR THE UNION/ASSOCIATION
CAW

LETTER OF UNDERSTANDING #2

This Letter of Understanding is between Canadian Regional Airlines Ltd. ("CRA") and the CAW (the "Union"):

RE: AMENDMENT TO COMPANY SICK LEAVE PLAN.

1. The Company will provide a Sick Leave Plan with the following conditions:
- This is a fully Company paid benefit, at no cost to the employee.
 - Three (3) months full-time continuous service is required to be eligible.
 - Covers the first three (3) working days of absence at 100% of normal salary.
 - Twelve (12) working days are provided each calendar year, with a carryover of unused sick days to a maximum of 18 days.
 - Newly hired Customer service agents shall be credited with a proration of 12 days on completion of 3 full months on payroll.
 - The Company's Sick Leave Plan shall be amended to provide Part time employees, who are eligible for Group Benefits, a maximum of 6 sick days per calendar year for use during periods of illness.

FOR THE COMPANY CANADIAN REGIONAL AIRLINES LTD.

FOR THE UNION/ASSOCIATION CAW

Per:

Per:

Per:

Per:

LETTER OF UNDERSTANDING #3

BY AND BETWEEN:

Canadian Regional Airlines Ltd.

AND:

The National Automobile, Aerospace, Transportation and General Workers of
Canada (CAW-CANADA), Local 1990

RE: UNIFORM LANGUAGE EFFECTIVE DECEMBER 31, 2000

18.12 UNIFORMS

- (a) All Customer Service Agents shall conform with the Uniform Standards established by the Company.
- (b) The Company will pay 100% of the cost of the required uniform. Customer Service Agents who purchase items in addition to those that are provided shall be responsible for the full cost and subject to payroll deductions for a period of up to twelve (12) months. The minimum payroll deduction will be twenty-five dollars (\$25.00) per month except for a final balancing payment.
- (c) Uniform Items

1	Blazer	4	Blouse/Shirt
2	Scarf/Tie	2	Pants/Slacks or Skirts
1	Belt	1	Winter Parka/ Trench Coat

All items have a useful life of twenty four (24) months with the exception of the Winter Parka/Trench Coat which have a useful life of sixty (60) months.

- (c) Uniform items damaged as a result of normal usage while on duty, shall be repaired or replaced at the Company's discretion.
- (d) Prior to implementing a change in uniform style or material, the Company will advise the Union.
- (e) Full-time employees who are required to wear a uniform which must be dry-cleaned, will receive a monthly allowance of thirty dollars (\$30.00). This allowance will be prorated for employees of any other status.
- (f) Where uniform footwear is a requirement of the Company, the Company, upon proof of purchase or repair, reimburse the employee fifty percent (50%) of the cost of the same to a maximum of one hundred and twenty dollars (\$120.00) every 12 months.
- (g) Where safety footwear is a requirement of the Company or is legislated, the Company, upon proof of purchase or repair, reimburse the employee fifty percent (50%) of the cost of the same to a maximum of one hundred and twenty dollars (\$120.00) every 24 months.

- (h) The Company will provide 2 pairs of coveralls to each Ramp employee on a yearly basis, at no cost to the employee.
- (j) Upon written request, the Company shall provide, free of charge, a maximum of two (2) maternity jumpers for the required period of the pregnancy. The jumpers shall be returned dry-cleaned and in good repair upon commencement of maternity leave.

FOR THE COMPANY CANADIAN REGIONAL
AIRLINES LTD.

FOR THE UNION/ASSOCIATION
CAW

Per:

Per:

Per:

Per:

CAW

LETTER OF UNDERSTANDING #4

This Letter of Understanding (“LOU”) is entered into between:

- A) Canadian Airlines International Ltd. (the “Company”), Canadian Airlines Corporation (“CAC”) and the National Automobile, Aerospace, Transportation and General Workers of Canada, Local 1990 (“CAW” or the “Union”) regarding the 1997 Business Plan and the Amendment and Extension of Agreement No. 3 (the “Company Agreement”);
- B) Canadian Regional Airlines Ltd., Time Air Inc., Ontario Express Ltd., and the CAW regarding the 1997 Business Plan and the Amendment and Extension of Agreement No. 1 (the “CRAL Agreement”).

The Company and all of its subsidiaries are collectively called “Canadian”. For greater certainty, reference to the term Canadian shall include the Company and CRAL as defined hereafter. The Company Agreement and the CRAL Agreement, including all Letters of Understanding and Letters of Intent in force and effect as of this date are collectively called the “Collective Agreements”.

Canadian’s 1997 Business Plan is intended to improve the operating profitability of Canadian by \$180 million per year for the four (4) years 1997 - 2000 by improving the network (\$40 million), reducing overhead costs and the AMR Corporation (AMR) Services fee (\$70 million), reducing the payment of fuel or other taxes (\$38.1 million) and reducing wages (\$31.9 million).

The Collective Agreements are hereby amended as provided in this LOU and shall expire on December 31, 2000. Unless otherwise stated herein, all other terms in the Collective Agreements shall remain in full force and effect and unamended.

This LOU is one of six Letters of Understanding which will be entered into between the Company and each of the unions and associations representing its organized employees, being the Canadian Air Line Pilots Association (“CALPA”), the Canadian Air Line Dispatchers Association, (“CALDA”), the Canadian Union of Public Employees (“CUPE”), the Canadian Association of Simulator Technologists (“CAST”), the International Association of Machinists and Aerospace Workers (“IAM”) and CAW (collectively, the “Unions”) relating to the participation of each union in the 1997 Business Plan of the Company. The Unions and non-organized and management employees of the Company based in Canada and the organized and non-organized and management employees of Canadian Regional Airlines Ltd. and its subsidiaries (collectively “CRAL”) based in Canada are collectively called the “Participating Groups”.

I. AGREEMENT MODIFICATIONS

Contribution Period

1.01 The parties agree to implement a Wage Reduction Program, as hereafter defined, for all Participating Groups for a period of four (4) years commencing with the second payment for wages in 1997 (i.e. January 17, 1997 for CAW represented employees of the Company and January 25, 1997 for CAW represented employees of CRAL) (the "Contribution Period"). The wage reduction calculation shall only apply to base salary and overtime. The Wage Reduction Program shall be a sliding scale such that the first \$25,000 of a full or part time employee's annual wage compensation (the "Base Salary") shall not be subject to any reduction (the "Capped Amount"). The parties agree that 10% shall be deducted from the employees' annual compensation in excess of the Capped Amount (collectively "the Wage Reduction Program"). For greater certainty, the following sets out examples of the effective reduction rates based on annual compensation:

<u>ANNUAL BASE SALARY</u>	<u>NET REDUCTION RATE</u>
\$25,000	0%
\$30,000	1.7%
\$35,000	2.9%
\$40,000	3.75%
\$45,000	4.4%
\$50,000	5.0%
\$60,000	5.8%
\$70,000	6.4%
\$80,000	6.9%
\$100,000	7.5%

The Wage Reduction Program shall be implemented by determining each employee's estimated annual salary and applying the Wage Reduction Program pro-rata for each pay period. Any reconciliation shall be completed at the end of the applicable fiscal year by the Company or CRAL.

No management official shall receive any economic benefit (including raises, payments, bonus under any management bonus plan, additional shares, share options, securities, car allowances or any other benefit) for the Contribution Period for the sole purpose of avoiding the direct or indirect effect of the Wage Reduction Program. The calculation shall be based on an individual basis and not on a group or department level.

Salary and wage levels will revert back to the December 31, 1996 book rates effective at the expiry of the Contribution Period.

Productivity Improvements

- 1.02 The Company or CRAL, as applicable, and the Union agree to meet to review whether there are additional changes to the Collective Agreements or to the manner by which the employees who are represented by the Union perform their duties in the workplace which can have the result of actual cost savings to the Company or CRAL. The actual measurable annual cost savings realized by the Company or CRAL during the balance of the Contribution Period as a direct result of the implementation of such changes agreed to by the parties subsequent to the implementation of this program, shall be returned by the Company or CRAL by way of a wage increase for the employees who are represented by the Union for the balance of the Contribution Period in a manner which is mutually acceptable to the Company or CRAL, as applicable, and the Union. If the parties cannot agree to the value of the contribution, a mutually acceptable person shall determine the aggregate amount of the contribution.

Benefits

- 1.03 For the term of the Contribution Period, defined benefit pensions, life insurance and AD&D benefits where applicable, and related contributions to each shall be calculated from book rates as of December 31, 1996. The *ad hoc* pension provisions where applicable shall be extended for the term of the Contribution Period.

Redistribution Plan and COLA Payment

- 1.04 Employees represented by CAW shall be entitled to participate in a redistribution plan (the "Plan") for the fiscal years 1997 through 2000, in connection with the Wage Reduction Program. This Plan shall make available for distribution to employees in Participating Groups 10% of the audited pre-tax profits of CAC for fiscal years 1997 and 1998 and 20% of such profits for fiscal years 1999 and 2000. Any payments to the Pool under the Plan will be made in four equal quarterly installments in the year subsequent to the relevant fiscal year.

The CAW share of the funds available for distribution (the "Pool") under the Plan (the "CAW Share") shall be determined by dividing the total contribution by employees represented by CAW to the Wage Reduction Program for the relevant year by the total contribution of all members of the Participating Groups for such relevant year and multiplying such ratio by the Pool. The CAW Share will be distributed as follows:

- (a) Effective the first pay period after April 1, 1998, and each quarter thereafter until January 01, 2001, the Company will provide a cost-of-living allowance (COLA) as outlined below.
- (b) Subject to Section 1.04 (d), for each 1% increase in the Consumer Price Index (CPI) between the base period (the average CPI for October, November, and December 1997) and the particular quarter, a 1% COLA will be added to each employee's hourly pay in a separate pay code, for purposes of calculating bi-weekly (or monthly) pay.

- (c) The COLA will not be added to the base hourly rate but will remain a separate payment (float). It will, however, be added to the base hourly rate for purposes of calculating overtime and benefits (e.g. vacation pay, holiday pay, sick pay).
- (d) The COLA payment including the cost of the related impact on overtime and benefits will be drawn from the CAW Share but at no point will the cumulative payments under the Plan exceed the cumulative CAW Share.

Employees of the Company represented by the CAW shall continue to participate in the profit sharing plan described in Exhibit "B" to LOU 28 (the "Old Plan") pursuant to the terms thereof provided that any payments made to employees under the Plan shall be deducted from operating revenues in the calculation of "Pre-Tax Profits" under the Old Plan. The Old Plan will be extended by two (2) years to 2004.

Security

- 1.05 Any CAW-represented employee employed by Canadian on December 5, 1996 and laid off during the Contribution Period by Canadian shall be entitled to layoff pay in the amount of not less than forty (40) weeks of his or her base salary.

II. SECURITY

- 2.01 On or before January 15, 1997, the Company shall grant in favour of CAW security over all its assets, property and undertaking that secures the existing Royal Bank of Canada ("RBC") indebtedness. The granting of such security shall be subject to: (a) the approval of the RBC and the Governments of Canada, Alberta and British Columbia (the "Governments"); (b) the receipt of advice from the Company's auditors that there is no adverse impact on its income statement; and (c) resolution of a satisfactory arrangement for the release of the security to be provided hereunder at the request of the Company from time to time. The security charge shall be subordinate to the present charges of RBC and the Governments. The security shall secure the wage concessions granted by the employees represented by CAW as it accrues on an annual basis. The intention of the parties is that the obligations to be secured hereby arise only in certain events and shall be extinguished on December 31 of every year unless certain events have occurred. Any security granted in favour of the other Participating Groups shall rank *pari passu* with the security granted in favour of CAW.

III. CONDITIONS

Conditions Precedent

- 3.01 The implementation of this LOU by CAW and Canadian and CAC is subject to the satisfaction of the following conditions:
 - (a) On or before December 20, 1996, the employees represented by CAW shall have ratified this LOU.

- (b) On or before December 20, 1996, AMR Corporation shall have agreed to reduce the monthly payments under the AMR Services Agreement (the "AMR Agreement") by a minimum of \$4 million for each of the forty-eight (48) months commencing November 1, 1996. Such aggregate amount shall be a reduction and not a deferral of any amounts under the AMR Agreement.
- (c) On or before December 20, 1996, the Governments shall have agreed in writing to provide Canadian with support of a minimum of \$38.1 million for each of the four (4) fiscal years 1997 to 2000.
- (d) The Company and CRAL, as applicable, shall have entered into Letters of Understanding, term sheets or programs with each of the Participating Groups, which are on terms acceptable to the CAW, in its sole discretion, and which are on terms or conditions no better than is provided for in this LOU.
- (e) All Unions must have ratified their respective agreement with the Company or CRAL, (as the case may be) referred to in sub-paragraph (f) above.

IV. MISCELLANEOUS

- 4.01 The Company and the Unions agree to request the governments of Canada and British Columbia to fund a study of financial, capital and other forms of restructuring for Canadian. This study will be directed by a committee consisting of representatives from the Unions.
- 4.02 The Company and the Unions shall approach the Governments of Canada and British Columbia to form a tripartite committee consisting of representatives from the Governments, the Unions and the airline industry to recommend policies and guidelines to ensure a competitive and stable environment for airlines in Canada.
- 4.03 The Company confirms its commitment to retain the existing four Reservations Offices in Canada for the term of this agreement.
- 4.04 The Company confirms its intent to re-instate the provisions regarding double-time for overtime effective January 1, 1999.
- 4.05 Subsequent to January 1, 1997, either CRAL or the Union may request the commencement of negotiations on non-monetary issues contained in Agreement No.1. Should the parties fail to reach agreement, the Union may request the participation of the President of CRAL and the Vice-President, Labour Relations of the Company. In the event this involvement fails to conclude an agreement, then the matters in dispute may be referred to binding mediation/arbitration.
- 4.06 The Company and CAC will pay the actual reasonable CAW fees, costs and expenses up to \$200,000 incurred in connection with the negotiation, documentation and implementation of this LOU.

4.07 The parties agree that the corporate governance provisions of Agreement No. 3, outlined in LOU 28, shall no longer apply.

4.08 This agreement shall not be amended without the written consent of all of the undersigned parties.

Dated as of December 09, 1996

CANADIAN AIRLINES CORPORATION

By: _____

By: _____

NATIONAL AUTOMOBILE, AEROSPACE,
TRANSPORTATION AND GENERAL
WORKERS OF CANADA

By: _____

By: _____

CANADIAN AIRLINES INTERNATIONAL LTD.

By: _____

By: _____

CANADIAN REGIONAL AIRLINES LTD.

By: _____

By: _____

TIME AIR INC.

By: _____

By: _____

ONTARIO EXPRESS LTD.

By: _____

By: _____

LETTER OF UNDERSTANDING #5

BY AND BETWEEN:

Canadian Regional Airlines Ltd.

AND:

The National Automobile, Aerospace, Transportation and General Workers of Canada
(CAW-CANADA), Local 1990

RE: CRA BASE CLOSURE AND CONCURRENT OPENING OF CAI BASE

1. Should the Company close a base and Canadian Airlines International (CAI) concurrently opens a base at the same location, employees of the Company who are affected by the base closure may elect to remain at their base and be offered employment with CAI.
2. Positions will be offered to CRA employees currently working at the base in order of classification seniority order. Subsequent to offering positions to CRA employees all remaining vacancies will be offered to CAI Agents according to the CAI collective agreement.
3. CRA Customer Service Agents who accept employment as offered by CAI will:
 - transfer their CRA Service Date to Canadian for purposes of employee travel benefits, service awards and vacation entitlement
 - have a seniority date effective the date of transfer
 - be required to serve a probationary period as described in the collective agreement between Canadian and the CAW
 - be eligible for coverage under the benefits programs provided to CAI Customer Service Agents, and subject to the rules of those plans
 - for pay purposes be placed on the CAI scale at a level equivalent to but not less than the rate of pay at the time of the CRA base closure. Employees with CAI seniority will be treated as per agreements with CDN.
 - be governed by all other terms and conditions of employment in place at the time of movement to CAI
4. The Canadian collective agreement and the CRA collective agreement will continue to be maintained as two completely separate agreements.
5. A Common Employer application, pursuant to the Canada Labour Code, regarding CRA and Canadian will not be put forward or considered by the CAW.

6. This LOU will remain in effect while Canadian owns a majority of the voting stock of CRA.

FOR THE COMPANY CANADIAN REGIONAL
AIRLINES LTD.

FOR THE UNION/ASSOCIATION
CAW

Per:

Per:

Per:

Per:

LETTER OF UNDERSTANDING #6

BY AND BETWEEN:

Canadian Regional Airlines Ltd.

AND:

The National Automobile, Aerospace, Transportation and General Workers of
Canada (CAW-CANADA), Local 1990

RE: CDN BASE CLOSURE AND CONCURRENT OPENING OF CRA BASE

1. Should CDN close a base and CRA concurrently open a base at the same location, employees of the Company who are affected by the base closure may elect to remain at their base and be offered employment with CRA.
2. The provisions of this LOU will over ride the provisions of Article 10.07 of the CRA-CAW Collective Agreement requiring CRA bulletin all vacancies immediately when a new base is established in any classification covered by the Agreement, and/or a classification is established in a base where it did not previously exist.
3. This is done as per the request dated (June 9, 1997) by the CAW local 1990 which requests the following process be used:
 - Positions will be offered to CDN employees currently working at the base in order of classification seniority order by status.
 - Positions remaining vacant after the offer to CDN employees will be bulletined immediately as per Article 10.07 of the CRA-CAW agreement.
 - All remaining vacancies will be offered to CRA Agents as per Article 10 of the CRA-CAW Collective Agreement.

4. CDN Customer Service Agents who accept employment as offered by CRA will:
- have a seniority date effective the opening of the CRA base
 - be required to serve a probationary period as described in the collective agreement between CRA and the CAW
 - be eligible for coverage under the benefits programs provided to CRA Customer Service Agents subject to the rules of those plans
 - for pay purposes be placed on the CRA scale equivalent to but not less than the rate of pay at the time of the CDN base closure.
 - The hours which correspond to the specific pay levels indicated in Article 5 of the CRA-CAW Agreement will be worked prior to movement to the next level of pay. Employees will be credited with hours worked at Canadian.

Example

A Reduced Time Canadian employee is at Step 3 (\$2001.00) of the wage scale and is credited with 2925 hours.

The employee will be crossed over to the CRA wage scale at the 25-36 month level (\$2085.00), but they must work an additional 2925 hours (5850 hours - 2925 hours) before moving to the next pay level.

- If CDN Agents are at the 6th 26 week level or higher on the CDN pay scale they will be placed at the 61+ month level of the CRA rate of pay.
 - be governed by all other terms and conditions of employment in place at the time of movement to CRA.
5. Additionally the provisions of Article 13 of the CDN-CAW Agreement (Base closure) will apply to the employee who elects to cross over with the exception that Clause 13.05 (a) will not apply if the employee accepts a position with CRA.
6. Employees who elect the option to remain in the base and receive benefits as outlined in Article 13.07 of the CDN-CAW Agreement will have their benefits calculated at the full wage rate.
7. The Canadian collective agreement and the CRA collective agreement will continue to be maintained as two completely separate agreements.
8. A Common Employer application, pursuant to the Canada Labour Code, regarding CRA and Canadian will not be put forward or considered by the CAW.

9. This LOU will remain in effect while Canadian Airlines International Ltd. owns a majority of the voting stock of CRA.

FOR THE COMPANY CANADIAN REGIONAL
UNION/ASSOCIATION
AIRLINES LTD.

FOR THE

CAW

Per: _____

Per:

Per: _____

Per:

Per:

FOR THE COMPANY CANADIAN AIRLINES INTERNATIONAL LTD.

Per:

Per:

MEMORANDUM OF SETTLEMENT

This Memorandum of Settlement is between Canadian Regional Airlines Ltd. ("CRA") and The National Automobile, Aerospace, Transportation and General Workers of Canada (CAW-CANADA), Local 1990 (the "Union"):

1. The conditions of the second collective agreement (Agreement #2) will be as agreed in bargaining and according to the attached documents.
2. The collective agreement shall be effective upon ratification unless otherwise noted below, and no provision or Article shall have any real or implied retroactive application or effect. Collective Agreement #1 will apply up to ratification.
3. The Union agrees that all members of the CAW Bargaining Committee will recommend that this settlement be ratified by Canadian Regional Customer Service Agents.
4. All Company and Union items not addressed in the attached documents shall be considered to be withdrawn.

FOR THE COMPANY CANADIAN REGIONAL
AIRLINES LTD.

FOR THE UNION/ASSOCIATION
CAW

Per:

Per:

Per:

Per:

Per:
