

Collective Agreement No. 2

- between -

Air NorTerra Inc.

(hereinafter referred to as the "Employer")

- and -

Canadian North Pilots Association

(hereinafter referred to as the Association)

January 01, 2005 – December 31, 2008

14129 (01)

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Article 1 - Purpose And Intention

- 1.1 The intention of this Agreement is to maintain good and amicable relations between the Employer and Pilots covered by this Agreement and to set out terms and conditions of employment applying to these Pilots.

Article 2 - Scope

- 2.1 The Employer recognizes the Association as the sole and exclusive bargaining agent for Pilots set out in the Canada Labour Relations Board certification, namely, "all Pilots of Air NorTerra Inc., excluding the Chief Pilot and those above".

Article 3 - Association Membership and Dues

- 3.1 All Pilots on the Canadian North's seniority list shall be required to be a member of the Association as a condition of employment excluding the Chief Pilots and those above.
- 3.2 The Employer agrees as a condition of employment, membership dues or sums in lieu will be deducted from the wages earned by Pilots commencing as of their first pay period following commencement of employment.
- 3.3 Membership dues or sums in lieu so deducted from salaries shall be paid monthly to the Association within 15 calendar days of the end of each month. Remittance shall be supported by information with respect to each Pilot, including the period covered by the remittance for that Pilot.

Article 4 - Management Responsibilities

- 4.1 Except to the extent provided in this Agreement, this Agreement in no way restricts the Employer in the management **and** direction of the business.

Article 5 - Grievance and Arbitration Procedure

5.1 Definition of Grievance

A grievance shall be defined as any difference arising out of the interpretation, application, administration, or alleged violation of the Agreement.

The Employer and the Association agree it is most desirable to resolve misunderstandings and disputes through discussion so that it is not necessary to initiate **a** formal grievance according to this grievance procedure.

5.2 Settling of Grievances

An earnest effort shall be made by all parties to settle grievances fairly and promptly in the following manner.

Step One

If a Pilot or a group of Pilots has a formal grievance, the Pilot or group of Pilots will submit to their Manager a written statement of the grievance within thirty (30) days of the date that the Grievor(s) became aware of, or reasonably should have become aware of, the alleged grievance.

The grievance when presented in writing shall contain:

- (a) **a** summary of circumstances giving rise to the grievance.
- (b) the provision(s) of the Agreement considered violated.
- (c) the particulars of the remedy sought.

The Manager shall meet with the Grievor(s) and a Association Representative within fourteen (14) days of receipt of the grievance and shall render a decision in writing within seven days of this meeting.

Step Two

Failing satisfactory settlement being reached in Step One, the Association Representative within seven days of receipt of the decision in Step One, will advance the grievance in writing to the Director of Operation. The Director of Operation with or without the Pilot's Manager, or their designates, shall meet with the Association representative within twenty-one (21) days of receipt of the grievance and shall render a decision in writing within seven days of this meeting.

Step Three

Failing satisfactory settlement being reached in Step Three, within 14 days of receipt of the decision in Step Three, the grievance may be referred in writing to arbitration by either party.

5.3 Dismissals and Suspensions

Grievances which involve a dismissal or a suspension shall be initiated within the time limits and in writing according to Article 5.2 - Step One. However the subsequent processing of the grievance will commence immediately at Step Two.

5.4 Grievance meetings will be arranged at times and locations mutually agreed by the parties. The salary of the Grievor(s) and elected Association Representatives will be maintained if grievance meetings occur during regular working hours.

5.5 (a) When one party submits a grievance to Arbitration in accordance with Article 5.2, that party shall notify the other party in writing, of its intention to submit the grievance to Arbitration together with a list of proposed single arbitrators or of its wish to have the grievance heard by an Arbitration Board.

(b) The other party shall, within 15 days of receipt of such notice to submit the grievance to arbitration, notify the first party in writing of their response to the other party's proposed list of arbitrators.

(d) If the parties fail to appoint an arbitrator through mutual agreement, the appointment may be made according to appointment provisions of the Canada Labour Relations Code.

5.6 The Employer and the Association shall bear equally the costs of the arbitrator.

5.7 The time limits specified in both the Grievance and Arbitration procedures may be extended by mutual agreement between the Employer **and** the Association. Mutual agreement to extend time limits must be in writing and signed by both parties before it will constitute mutual agreement for the purposes of this provision.

Article 6 - Association Representatives

- 6.1 The Employer will recognize Association Representatives appointed by the Association to represent Pilots and matters associated with the administration of this Agreement and related responsibilities.
- 6.2 Up to three Association Representatives shall be allowed time off **work** with pay for attending collective bargaining for the renewal of this Agreement.
- 6.3 The Employer will provide positive space deadhead tickets on Canadian North to attend collective bargaining sessions.

Article 7 - Probationary Period

7.1 Probation For Newly Hired Pilots

A newly hired Pilot shall be on probation for the Pilot's first one year of employment.

7.2 A probationary Pilot shall not be entitled to have his dismissal subject to the arbitration procedure under Article 5 but may be grieved to Step Two of the Grievance Procedure.

Article 8 - Classifications and Pay

8.1 Classifications and Salaries

(a) B737 Captains

C1 (0-18 months)	\$ 9,153.35 per month
C2 (19-30 months)	\$ 9,512.31 per month
C3 (31-42 months)	\$ 9,871.25 per month
C4 (43-54 months)	\$10,230.22 per month
C5 (55 months +)	\$10,589.17 per month

- (b) **F-28 Captains**
 - C1 (0-18 months) \$8,004.70 per month
 - C2 (19-30 months) \$8,175.46 per month
 - C3 (31-42 months) \$8,346.21 per month
 - C4 (43-54 months) \$8,516.97 per month
 - C5 (55 months +) \$8,685.55 per month

- (c) **B737 and F-28 First Officer**
 - FP (0-12 months) \$3,535.26 per month
 - F1 (13-24 months) \$4,568.18 per month
 - F2 (25-36 months) \$4,891.21 per month
 - F3 (37-48 months) \$4,977.14 per month
 - F4 (49-60 months) \$5,064.15 per month
 - F5 (61 months +) \$5,189.21 per month

Note: **New Hire First Officer with current PPC** or Endorsement not lapsed more than 2 years on Type to be flown for Canadian North will have the following increments for the first two years:

FP (0-08 months) F1 (09-24 months)

- (d) Training Pilots shall receive a premium of four (4%) percent of the applicable monthly salary identified in this Section 8.1.
- (e) Check "A" Pilots shall receive a premium of ten (10%) percent of the applicable salary identified in this Section 8.1.
- (f) Pilots not in 8.1(c) or (d) above shall receive a payment of fifty (\$50) dollars per day for each day they conduct line indoctrination or line check.

8.2 Monthly salary rates to be effective on January 1, 2005, January 1, 2006, January 1, 2007 and January 1, 2008 shall be negotiated between the Employer and the Association in the 60-day period prior to each of these dates. If the parties are unable to agree on a revised schedule of salary rates, the difference may be submitted to arbitration in accordance with the arbitration procedures of this Agreement. The arbitrator shall have the authority to establish the revised schedule of salary rates only. Any changes to monthly salary rates resulting from the negotiation or arbitration process shall be retroactive to January 1, 2005, January 1, 2006, January 1, 2007 or January 1, 2008 if agreement is not reached until after either of these dates.

8.3 Pay Days

Pilots will be paid twice per month on the 10th and 25th. On the 10th of each month, the Employer will pay half of the monthly salary earned the month prior, plus all earned overtime and expenses for that month, On the 25th of each month, the Employer will pay half of the monthly salary only.

Article 9 - Hours of Work and Scheduling

9.1 Scheduling Rules

- (a) Pilot blocks will be built for each base/type/status. Pilots will state preference for days off for the month. Blocks will then be bid on a rotational seniority basis; for example, if a base has five F-28 Captains, each captain will get first bid once every five months.
- (b) A flying block will be built within a window of 80.1 to 85.0 flight hours.
- (c) Each flying block will have at least 12 guaranteed days off in each month.
- (d) Each week of vacation carries five working days (approximately 20 flight hours) towards the Pilot's monthly block.
- (e) Training days carry no flight hours toward a Pilot's monthly block.
- (f) Vacation must be taken in a minimum of one-week (five working days) blocks.
- (g) A Pilot is entitled to assign two guaranteed days off at the beginning and end of each vacation period.
- (h) Blocks will be built with a maximum of six consecutive days of duty.
- (i) No newly qualified Captain on type will be paired with a newly qualified First Officer on type. A Pilot is deemed to be newly qualified on type for the first three months following the first day of line indoctrination on type.

- (j) For blocking purposes, January, February and March will be considered to have 30 days each as follows:

- January 01 to January 30
- January 31 to March 01
- March 02 to March 31

Except in a leap year when the following will apply:

- January 01 to January 31
- February 01 to March 01
- March 02 to March 31

9.2 Hours of Service

- (a) The maximum scheduled duty period will be 14 hours.
- (b) The minimum scheduled rest period at a Pilot's home base will be 12 hours.
- (c) The minimum scheduled rest period when a Pilot is away from home base will be 10 hours.
- (d) Normal check-in time is 60 minutes at the airport/crew room at home base, or at the hotel away from home base. When away from home base, the Captain has the discretion to adjust the check-in time for the entire crew and for ensuring that all pre-flight duties can be completed within the adjusted check-in time.
- (e) Crew scheduling has the authority to reduce the check-in time to 30 minutes. The crew is expected to use their best efforts to depart the flight on time.

9.3 Payment for Overtime

- (a) A Pilot who works overtime shall be paid the greater of 1/80th of the Pilot's monthly salary multiplied by the number of flight hours flown that day, multiplied by 1.5. 'or 1/18th of the Pilots' monthly salary multiplied by 1.5.
- (b) The formula in 9.3 (a) applies to any flight hours over 85 hours or any unscheduled days over 16 in any month.

Article 10 - Recognized Holidays

10.1 Pilots shall be entitled to ten (10) recognized holidays with pay per calendar year.

Article 11 - Annual Vacations

11.1 Vacation Entitlement

Pilots shall be entitled to annual vacations with pay according to the following schedule:

- (a) After completion of one year of employment, Pilots shall be entitled to two (2) weeks' vacation with pay.
- (b) After completion of three years of employment, Pilots shall be entitled to three (3) weeks' vacation with pay.
- (c) After completion of ten years of employment, Pilots shall be entitled to four (4) weeks' vacation with pay.

11.2 Vacations shall be taken at a time mutually agreed between a Pilot and the Employer recognizing operating requirements and the personal preferences of the Pilot.

11.3 Annual Vacation

Each Pilot will "earn and burn" the Vacation in the same year.
Three examples below are for clarification:

- a. A Pilot who starts with the company on July 01 will earn and be entitled to take one week (5 working days) before December 31 of the same year.
- b. A Pilot who attains three full years of service on April 01, the Pilot's vacation entitlement for that year will be based on 3/12 of two weeks and 9/12 of three weeks of vacation.
- c. A Pilot who attains ten full years of service on November 01, the Pilot's vacation entitlement for that year will be based on 10/12 of three weeks and 2/12 of four weeks of vacation.

Article 12 - Benefits

- 12.1 The Employer agrees to maintain in force during the lifetime of this Agreement insurance benefits (Major Medical, Dental, Group Life Insurance (Basic and Optional), Long Term Disability, Accidental Death & Dismemberment) according to conditions of the AirNorTerra Insurance Benefits Plan currently in force including future amendments that may be implemented.

Article 13 - Seniority

- 13.1 Seniority shall be the length of service from the Pilot's date of employment.
- 13.2 The Employer shall every six (6) months supply the Association with a seniority list setting out the name, classification and seniority date of all Pilots. A copy of the seniority list is attached as Appendix "A" to this Agreement.
- 13.3 In cases of layoffs and recalls, seniority shall govern. In filling of vacancies, seniority shall govern provided that all qualifications are met.
- 13.4 Seniority shall be lost and employment terminated if a Pilot:
- (a) Voluntarily leaves the employ of the Employer, or;
 - (b) Is discharged for cause, or;
 - (c) After a lay-off fails to report for work within two weeks after being recalled by telephone and registered letter, unless otherwise mutually agreed between the Employer and the Association, or;
 - (e) is on continuous lay-off for thirty-six (36) months.

Article 14 - Leaves of Absence

- 14.1 Requests for leave of absence without pay shall be submitted to the Employer for approval as ~~far~~ in advance of the requested leave as possible. Such requests will be dealt with at the sole discretion of the Employer in consultation with the association.

- 14.2 Leave of absence for maternity, parental, adoption leave, jury duty leave, and bereavement leave shall be granted to Pilots in accordance with applicable laws, regulations and Employer policy.
- 14.3 Leave of absence without pay shall be granted to Pilots for Association activities provided permission is granted by the Employer.
- 14.4 Pilots shall continue to accrue seniority during such leaves.

Article 15 - General Conditions

15.1 Per Diems

Pilots shall receive a per diem payment of \$8.00 per flight hour or a higher amount as determined by the company. No meals shall be provided by the Employer.

15.2 Uniforms

The Employer will provide each pilot with a Company uniform. Each pilot will receive a monthly allowance of \$50 for uniform maintenance.

Article 16 - Term of Agreement

16.1 This Agreement shall be in full force and effect immediately upon ratification to December 31, 2008.

16.2 Changes in Agreement

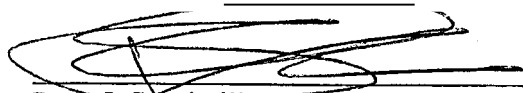
Any changes deemed necessary to this Agreement may be made by mutual agreement in writing between the Employer and the Association at any time during the term of this Agreement.

16.3 Notice to Bargain

Either party desiring to renew or revise this Agreement or enter into a new collective agreement shall, within a period not more than 120 days and not less than 60 days **prior** to this Agreement's termination date, give notice in writing to the other party requiring the other party to commence collective bargaining.

Signed at Calgary, AB this 24th day of February, 2005.

FOR THE EMPLOYER

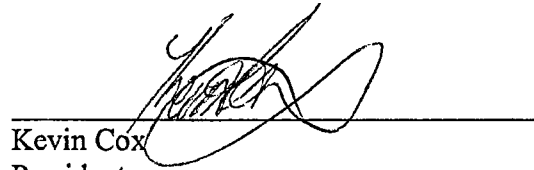


Peter J. Scheiwiller
Vice President, Operations



Steve Hankirk
Director, Flight Operations

FOR THE ASSOCIATION



Kevin Cox
President



Gerald Skocdopole
Secretary/Treasurer

Letter of Understanding #1
(Formerly Letter of Understanding #3)

CO-Captain Program

This Letter of Understanding (LOU) addresses the joint interest of Canadian North Airlines (the "Company") and the Canadian North Pilots Association (the "Association") to implement a Co-Captain's training program. The following conditions shall apply to the program:

1. To be eligible for this program, the First Officer shall be currently assigned on the aircraft type and have met the upgrade qualification requirements.
2. Qualified First Officer will undergo normal upgrade training and Line Indoctrinations followed by a Line Check, If the First Officer does not make Captain standard, he will return to his previous position.
3. After completed upgrade training the Pilot may fly as CO-Captain and switch seats with the regular assigned Captain at that Captain's discretion.
4. The CO-Captain will only be paid **as** a Captain when he is assigned by the Company as Pilot in Command.
5. When assigned by the Company as Pilot in Command the CO-Captain will be paid a premium of \$46.00 per flight hour for normal pay and a blended calculated Rate of \$157.00 per flight hour for OT, with a min. per day of \$697.00 (The blended Rate is based on C1 pay for both Aircraft types divided by 2)
6. All shift trades with regular scheduled Captains have to be approved by Flight Ops Management (Chief Pilot Training and Standards or above). These trades do not trigger extra pay.
7. The Co-Captain will still be blocked as a First Officer on the aircraft type.
8. Time accrued in the Co-Captain's program does not count for pay progression once the CO-Captain becomes a Captain.
9. This agreement can be terminated with 30 days notice by the Company and/or the Association.
10. Full time Captains positions will be filled in seniority provided that all qualifications are met. (Article 13.3)

Signed at Calgary, AB this _____ day of _____, 2005.

FOR THE EMPLOYER

FOR THE ASSOCIATION

Peter Scheiwiller
Vice President, Operations

Kevin Cox
President

Steve Hankirk
Director, Flight Operations

Gerald Skocdopole
Secretary/Treasurer

Letter of Understanding #2
(Formerly Letter of Understanding #4)


Article 9.2 Hours of Service

This Letter of Understanding (LOU) addresses the joint interest of Canadian North Airlines (the "Company") and the Canadian North Pilots Association (the "Association") regarding hours of service per Article 9.2 (a). With recent changes in the winter schedule and in recognition of trying to keep the pilot working days and crew overnight expenses to a minimum, the following change will be in effect:

1. The maximum scheduled duty period will be 17 hours, assuming all requirements of CACS 700.16 are met.
2. This only applies to present flight numbers 5T 422 (Edmonton - Yellowknife) and 5T 423 (Yellowknife - Edmonton) and the ensuing overnight.
3. It shall be in effect from ratification of agreement **and** shall remain in effect as long as Letter of Understanding #3, Value Share Program, is in effect.

Signed at Calgary, AB this 24th day of February, 2005.

FOR THE EMPLOYER




Peter Scheiwiller
Vice President, Operations

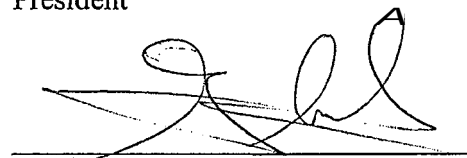


Steve Hankirk
Director, Flight Operations

FOR THE ASSOCIATION



Kevin Cox
President



Gerald Skocdopole
Secretary/Treasurer

Letter of Understanding #3

Value Share Program

This Letter of Understanding (LOU) addresses the joint interest of Canadian North Airlines (the "Company") and the Canadian North Pilot Association (the "Association") regarding a Value Share Program ("Program").


Note: The name of the intended program is to be determined by the Company, however, the concept relates to a Profit Share program as per Article 8.4 of the former Collective Agreement.

It is understood by both parties that:

1. If the "Program" is not established and in place by September 1, 2005, the new Collective Agreement dated January 1, 2005 - December 31, 2008 will be cancelled and both parties will enter into negotiations for a new collective agreement.
2. Upon signing this LOU, the Company will pay **an** 8% signing bonus to the members of the Association for the new Collective Agreement which came into effect on January 1, 2005. The signing bonus will be paid to those pilots who are on the seniority list at the time of signing. The 8% will be based on their regular salary paid in 2004. The Company will pay 4% on the pay period immediately following the date of signing. The remaining 4% will be paid on the April 10, 2005 payroll.
3. This LOU will be in effect until September 1, 2005 unless a "Program" is:
 - Established prior to this date, or
 - Extended upon written agreement of both parties.

Signed at Calgary, AB this 24th day of February 2005.

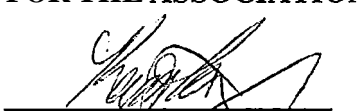
FOR THE EMPLOYER



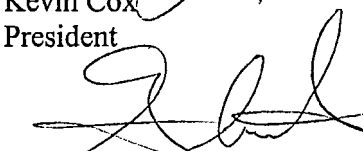
Peter Scheiwiller
Vice President, Operations

Director, Flight Operations

FOR THE ASSOCIATION



Kevin Cox
President



Gerald Skocdopole
Secretary/Treasurer

Letter of Understanding #4

Productivity and Efficiency Program for Flight Crew

This Letter of Understanding (LOU) addresses the joint interest of Air NorTerra Inc. (the "Company") and the Canadian North Pilot Association (the "Association") regarding a Productivity and Efficiency Program for Flight Crew (the "Program")

It is understood by both parties that:

1. The Program will replace any and all reference to Article 8.4 of the Collective Agreement and LOU #3.
2. The Collective Agreement dated January 1, 2005 - December 31, 2008 will be in effect on signing.
3. Upon signing this LOU, the Company will initiate a Productivity and Efficiency plan to the members of the Association based on meeting targeted financial results and achieving specific productivity goals. This payment will be pro rated to a maximum of 9% of the flight crews' base pay and capped at \$500,000 for the 2005 year. This payment will be based on the Board Approval process.
4. This LOU will be in effect until December 31, 2008.

Productivity and Efficiency Program for Flight Crew

Objective

Provide additional compensation to Flight Crew in order to:

1. Encourage the achievement of outstanding performance.
2. Foster a work environment focused on customer service, productivity, integrity and efficiency.

Program


1. Eligible to all flight crew employed by Canadian North on a permanent basis.
2. The amount of payment will be determined and is at the sole discretion of the Company.
3. The productivity and efficiency objectives were agreed to between the Company and the Association. They are based on your duties and responsibilities as well as the Company's expectations of you in achieving the objectives of the Program.
4. Productivity and efficiency payments are based a percentage of an individual's base salary. Base salary is the regular compensation earned during a plan year. It excludes other compensation such as overtime pay, disability benefits in excess of 30 days, insurance and health benefits, perquisites, lump-sum vacation entitlements and severance pay.


.../2

5. The full amount of the target payment will be paid to each individual, on the determination of Flight Operations management, based on their assessment of how well the individual achieved the productivity and efficiency objectives.
6. A lesser amount of the target payments may be made in cases where the individual did not achieve full success in the productivity and efficiency objectives.
7. The Program payment will be calculated and paid by March 31 of the year following the plan year, after approval by the Company, and will be dependent on the Company's audited financial statements for the plan year. Payments will be made in cash, subject to the applicable statutory withholdings.
8. In order to receive the Program payments, the flight crew member must be an active employee of the Company at December 31, the end of the plan year.
9. A new employee joining the Company partway through a plan year is entitled to participate in the plan for the remaining portion of the plan year. This applies provided their employment with the Company began at least four months prior to the end of the plan year.
10. Flight crew are granted a pro-rated Program payment based on their base salary earned during a plan year and prior to their departure if, during that plan year:
 - a. Employee begins maternity leave;
 - b. Employee becomes disabled for more than 30 days;
 - c. Employee retires; or,
 - d. Employee becomes deceased.
11. The Program payments are taxed as ordinary income. This is in keeping with current federal and territorial tax laws.

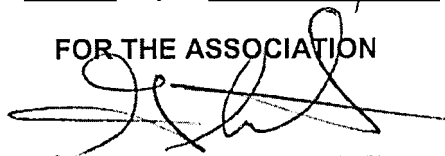
Signed at Edmonton, AB this 03 day of February, 2006.

FOR THE EMPLOYER


 Peter Scherwiller
 Vice President, Operations


 Steve Hankirk
 Director, Flight Operations

FOR THE ASSOCIATION


 Gerald Skocdopole
 President


 Dean Cramer
 Secretary/Treasurer

Letter of Understanding #6

Reserve

This Letter of Understanding (LOU) addresses the joint interest of Canadian North Inc. (the "Company") and the Canadian North Pilot Association (the "Association") regarding the implementation of "reserve" into our scheduling rules.

It is understood by both parties that:

1. The Pilot shall only be contacted between the hours of 0500 until **1900** for a reserve pairing which will be printed on their schedule. The normal rest period is defined as 1901 to 0459. If, due to operational requirements, this new rest period needs to be adjusted, at least 24 hours notice shall be provided by the Company and this rest period cannot shift more than either 3 hours earlier or later than the preceding rest period nor more than a total of 8 hours in any 7 consecutive days.
2. Check-in will be **90** minutes from the time the pilot is contacted unless mutually agreed upon by both parties.
3. The maximum scheduled days of reserve in a row is **6**.
4. The pilot will not be expected to work into a calendar day off following a reserve day unless mutually agreed upon by both parties.
5. If a pilot works into a calendar day off he will be compensated at the standard overtime rate.
6. Any time a pilot on reserve is assigned flight or other duty he/she shall receive a ten (10) hour rest period prior to commencing a subsequent reserve period or flight.
7. All reserve pilots will now be blocked with a minimum of 14 guaranteed days off a month.

8. If a pilot's scheduled day of work is cancelled he may remain on reserve for length of pairing to which all flying shall be completed within his original scheduled time of release \pm 3 hours.
9. A pilot on reserve who reports for a flight that does not operate or who performs any flight or other duty will not be subject to further reserve duty on that day.
10. If a pilot is notified to report for flight duty or the reporting time occurs between 22:00 and 06:00 local time:
 - a) the maximum flight duty time shall be 10 consecutive hours; and
 - b) the subsequent minimum rest period shall be increased by at least one-half the length of the preceding flight duty time.
11. In the case of a standup overnight, 10 hours notice shall be given so rest may be taken prior to check-in.

Signed at _____, AB this _____ day of _____, 2007.

FOR THE EMPLOYER

Peter Scheiwiller
Vice President, Operations

Steve Hankirk
Director, Operations & Charters

FOR THE ASSOCIATION

Gerald Skocdopole
President

Dean Cramer
Secretary/Treasurer

Letter of Understanding #7

Page 1 of 1

This Letter of Understanding (LOU) addresses the joint Interest of Canadian North Inc. (the "Company") and the Canadian North Pilot Association (the "Association") regarding the reservation of seniority numbers for direct entry DHC-8 pilots.

It is understood by both parties that:

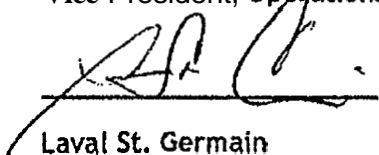
1. The intent of this process is to allow the Company to attract and retain DHC-8 direct entry captains and endorsed First Officers.
2. The process will be to hire the direct entry captains or endorsed First Officers, complete Company indoctrination Training, **provide a seniority number**, then immediately place the pilot on Leave of Absence for a period of up to 90 days.
3. This LOU applies to the following pilots only- Trevor Annon, Syona MacLean, Barry Bergen, Mikael Heidrich, Joshua Kerr, Patrick Palmer, Klaas Vis, Olivier Gaudreau, and Sean Taylor,
4. This LOU will be effective from Jan 1st, 2008 until Feb 1st, 2009.

Signed at Edmonton, AB this 11 day of Apr., 2009.

FOR THE EMPLOYER

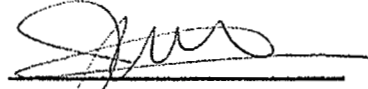


Steve Hankirk
Vice President, Operations

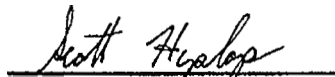


Laval St. Germain
Director, Flight Operations

FOR THE ASSOCIATION



Justin (Jake) Nagy
President



Scott Hyslop
Vice President

Letter of Understanding # 9

Page 1 of 1

North of 60° Per Diem Adjustment

This Letter of Understanding (LOU) addresses the joint interests of Canadian North Airlines (the "Company") and the Canadian North Pilots Association (the "Association") to implement a North of 60 Per Diem Adjustment

The following conditions shall apply:

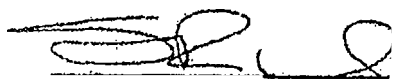
1. The North of 60 Per Diem Adjustment calculation will be applicable to all pairings or charters involving overnighiting in any location north of 60N, with the exception of YHY (Hay River), YZF (Yellowknife), and YEV (Inuvik). In addition, this adjustment will be paid at \$70.00 per full day, or for pairings involving a deadhead to, from or through Iqaluit CYFB, where a only a partial day in the Qikiqtani is involved, \$30.00 will be paid per partial day. For all other stations north of 60N, this partial per diem will be paid after Company and Association mutual agreement.

3. Pilots operating the pairings as described in Articles 1 and 2 above, will not be paid the \$8.00 per flight hour as per Article 15.1 of the collective agreement.

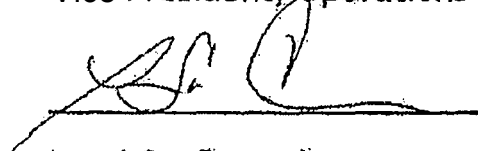
4. This LOU will be effective from Jan 1st, 2009 until Dec 31st, 2009. This per diem adjustment will be paid retroactively from Jan 1st, 2009.

Signed at EDMONTON, AB this 4TH day of MARCH, 2009.

FOR THE EMPLOYER

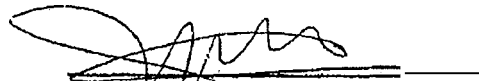


Steve Hankirk
Vice President, Operations

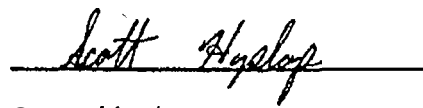


Laval St. Germain
Director, Flight Operations

FOR THE ASSOCIATION



Justir (Jake) Nagy
President



Scott Hyslop
Vice President

Letter of Understanding # 10

Page 1 of 1

Split Duty Days

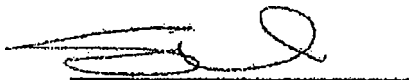
This Letter of Understanding (LOU) addresses the joint interests of Canadian North Airlines (the "Company") and the Canadian North Pilots Association (the "Association") to implement Split Duty Days or Duty Days in excess of, but containing a rest period, those described in Article 9.2 of the Collective Agreement

It is understood by both parties that:

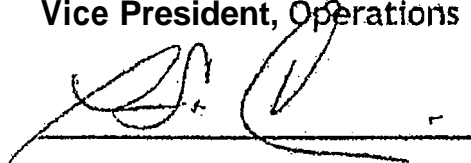
- 1. The maximum scheduled duty period will be 17 hours, assuming all requirements of CAR 700.16 are met.
- 2. It is agreed that for the purpose of a Split Duty Day the company will attempt to minimize Split Duty Pays that involve two calendar days, with the exception of flight numbers 5T422/5T423. Applicability of other flight numbers affected will be decided on a case by case basis via mutual agreement between the Association and the Company, with the understanding that the Company will make all efforts to keep Split Duty Days to a minimum.
- 3. This LOU will be effective from Jan 1st, 2009 until Dec 31st, 2009.

Signed at EDMONTON, AB this 4th day of MARCH, 2009.

FOR THE EMPLOYER

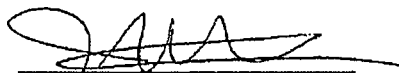


Steve Hankirk
Vice President, Operations

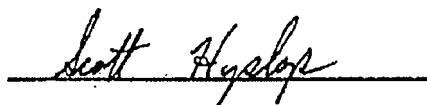


Laval St. Germain
Director, Flight Operations

FOR THE ASSOCIATION



Justin (Jake) Nagy
President



Scott Hyslop
Vice President

Letter of Understanding # 1 I

Page 1 of 1

This Letter of Understanding (LOU) addresses the joint interest of Canadian North Inc. (the "Company") and the Canadian North Pilot Association (the "Association") regarding extended duty days exceeding fourteen (14) hours when deadheading from training.

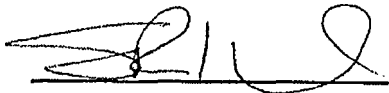
It is understood by both parties that:

The following provision will be in addition to Article 9, (9.2)(a).

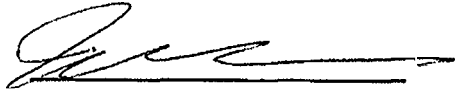
If a deadhead home from training is required the maximum length of any Duty Period will be seventeen (17) hours. Any such duty period exceeding fourteen (14) hours shall have the next subsequent rest period extended by the amount exceeding fourteen (14) hours.

Signed at Leduc, AB this 23rd day
of June, 2010.

FOR THE EMPLOYER

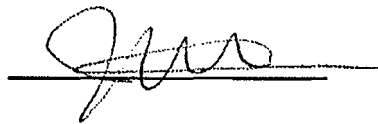


Steve Hankirk
Vice President, **Operations**

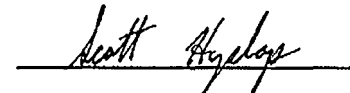


John Green
Director, Commercial **Flight Operations**
& Charters

FOR THE ASSOCIATION



Justin (Jake) Nagy
President



Scott Hyslop
Vice President

Letter of Understanding #12

Per Diem Program Change

This letter of Understanding (LOU) addresses the joint interest of Canadian North Inc. (the "Company") and the Canadian North Pilot Association (the "Association") regarding the implementation of changes to the Per Diem system.

It is understood by both parties that this LOU #12 supercedes LOU #9 and the following methodology will apply:

1. Per Diem calculations will be based upon time away from base (TAFB). TAFB is defined as the time from check in at the beginning of crew pairing until time released from duty at the end of a crew pairing. The following rates will apply for every hour away from base:

B737 - \$2.75
Dash 8 - \$2.90

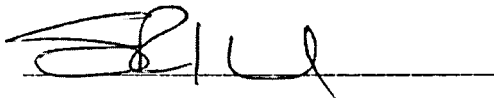
Note: Any travel to the United States will be accumulated in U.S. dollars and converted to and paid in Canadian dollars using the conversion rate at the time of payment.

A pilot's number of hours away from base will be multiplied by the above rates to ascertain the pilot's expense entitlement for the month.

2. This letter of understanding shall be effective as of 1 July 2010.

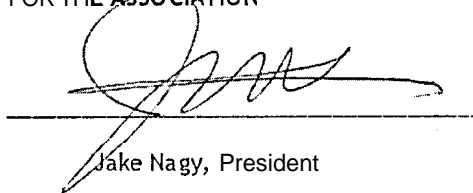
Signed at Calgary, this 5 day of Aug, 2010.

FOR THE EMPLOYER

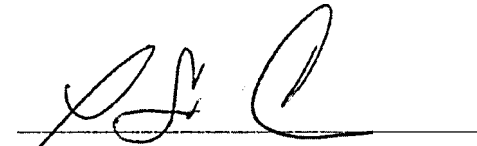


Steve Hankirk, Vice President, Operations

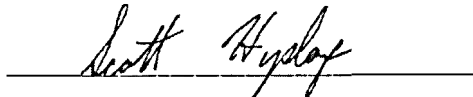
FOR THE ASSOCIATION



Jake Nagy, President



Laval St. Germain, Director, Flight Operations



Scott Hyslop, Vice President

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