

AGREEMENT NO. 2

BETWEEN

KELOWNA FLIGHTCRAFT AIR CHARTER LTD.

AND

THE PILOTS IN THE EMPLOY OF
KELOWNA FLIGHTCRAFT AIR CHARTER LTD.

AS REPRESENTED BY THE

AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

EFFECTIVE NOVEMBER 01, 2002
To OCTOBER 31, 2009

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SECTION 1

PREAMBLE

- 1-1 This Agreement is made and entered into by and between Kelowna Flightcraft Air Charter Ltd., hereinafter referred to as the “Company”, and the Pilots in the employ of Kelowna Flightcraft Air Charter Ltd., as represented by the Air Line Pilots Association, International, hereinafter referred to as the “Association”.
- 1-2 In making this Agreement, the parties hereto recognize the objectives of promoting and maintaining the safety of air transportation, the efficiency and economy of flight operations, the protection of property, and the high quality of customer service. The parties also recognize that compliance with the terms of this Agreement and the development of a spirit of cooperation are essential for mutual benefit and in the public interest, for the intent and purpose of this Agreement.
- 1-3 In this Agreement, unless otherwise specifically stated, the masculine shall include the feminine and the singular shall include the plural.

SECTION 2
RECOGNITION

2-1 In Accordance with the certification issued by the Canada Labour Relations Board dated July 18, 1995, the Company recognizes the Air Line Pilots Association International as the certified bargaining agent for "All employees of Kelowna Flightcraft Air Charter Ltd., employed as Pilots, excluding Chief Pilots and those above."

SECTION 3
DEFINITIONS

3-1 DEFINITIONS

- .01 **ASSOCIATION/ALPA** Shall mean the Air Line Pilots Association, International.
- .01(a) **ASSOCIATION REPRESENTATIVE**: Shall mean any ALPA member in good standing employed by the Company, including a member of the Master Executive Council (MEC) or Local Executive Council (LEC).
- .02 **BASE**: Shall mean a geographical location designated by the Company as a Base of operations.
- .03 **CALENDAR DAY**: Shall mean a twenty-four (24) hour period from 0001 to 2400.
- .04 **CAPTAIN**: Shall mean a Pilot who is in command of the aircraft and its crew members while on flight duty and who is responsible for the manipulation of, or who manipulates the flight controls of an aircraft while underway, including take-off and landing of such aircraft, and who is properly qualified and designated by the Company as a Captain and holds currently effective Transport Canada or other Governmental certificates authorizing him to serve as such Pilot.
- .05 **COMPANY**: Shall mean Kelowna Flightcraft Air Charter Limited.
- .06 **CREDIT DAY**: Shall mean any time spent by a Pilot on duty for the Company and may only consist of one (1) duty period.
- .07 **DATE OF HIRE**: Shall mean a Pilot's first (1st) day of paid employment.
- .08 **DAY**: Shall mean a continuous twenty-four (24) hour period.
- .09 **DAY OFF**: Shall mean any Day free of duty at home base.
- .10 **DEADHEADING**: Shall mean positioning of a non-operating Pilot from one (1) location to another at the Company's request and shall be considered on duty.
- .11 **DUTY PERIOD**: Shall mean the elapsed time from scheduled or actual reporting time, whichever is later, to time of release from duty.
- .12 **EQUIPMENT**: Shall mean the type of aircraft to which a Captain, First Officer, or Second Officer is currently assigned.
- .13 **FIRST OFFICER (F/O)**: Shall mean a Pilot who is second (2nd) in command of

the aircraft and whose duty is to assist or relieve the Captain in the manipulation of the flight controls of an aircraft and who is properly qualified to serve as and holds currently effective Transport Canada or other Governmental certificates authorizing him to serve as First Officer.

- .14 **FLIGHT TIME:** Total time from the moment the aircraft first moves under its own power for the purpose of taking-off until the moment it comes to rest at the end of the flight.
- .15 **IMMEDIATE FAMILY:** The spouse of the employee, including a common-law spouse; the father and mother of the employee, grandparents and grand children, and the spouse of the father or mother including the common law spouse; children of the employee; brothers and sisters of the employee; father-in-law and mother-in-law of the employee and the spouse of the father-in-law or mother-in-law including a common-law spouse; and any relative of the employee who resides permanently in the employee's household or with whom the employee permanently resides.
- .16 **LINE INDOCTRINATION:** Shall mean a period of time after initial training a Pilot is under the direct supervision of a Training Pilot.
- .17 **MANAGEMENT PILOT :** Shall mean Chief Pilots and those defined by the Company's organizational chart as approved by Transport Canada.
- .18 **MONTH** Shall mean a complete calendar month.
- .19 **PAIRING:** Shall mean a pre-arranged combination of one (1) or more duty periods.
- .20 **PAY PERIOD:** Shall mean the period of time between payroll deposits. (The first (1st) day of the month to the fifteenth (15th) inclusive and the sixteenth (16th) day of the month to the last day of the month inclusive.)
- .21 **PILOT:** Shall mean a Captain, First Officer, or Second Officer.
- .22 **POSITION:** Shall mean the Position held by a Pilot in regards to Base, Equipment, and Status.
- .23 **QUALIFIED:** Shall mean having met the standards required by Transport Canada and the Company for the Equipment and Status qualification.
- .24 **QUARTER :** Shall mean any three (3) consecutive calendar month period beginning either January 1, April 1, July 1, or October 1 of any year.
- .25 **SAFETY OFFICER:** As defined by the Company Operations Manual.

- .26 **SCHEDULED DAY OFF:** Shall mean a Day Off where the Pilot is not scheduled for duty of any nature at his Base.
- .27 **SECOND OFFICER (S/O):** Shall mean a Pilot whose duty is to assist the Captain in the operation of an aircraft who is properly qualified to serve as and holds currently effective Transport Canada or other Governmental certificates authorizing him to serve as Second Officer.
- .28 **SENIORITY DATE:** Shall be based on the Date of Hire as a Pilot.
- .29 **SICK DAY:** Shall mean a Day on which a Pilot was scheduled to work but was unable due to illness.
- .30 **STANDBY:** Shall mean a time period where a Pilot so assigned must be available to be called for duty.
- .31 **STATUS:** Shall mean a Pilot's assigned classification, i.e. Captain, First or Second Officer.
- .32 **SUPERVISORY PILOT:** Shall mean any "A" authority or "B" authority Pilots other than the Chief Pilot(s) or the Assistant Chief Pilot(s).
- .33 **TEMPORARY ASSIGNMENT:** Shall mean a Position away from an established Base for Equipment Qualified personnel, or for a Base that does not have the specific Equipment for a specific period of time.
- .34 **TRAINING DAY:** Includes but is not limited to ground school, simulator, and flight training.
- .35 **TRAINING PILOT:** Shall mean a Pilot designated by the Company to conduct training for the purpose of upgrading or qualifying other Pilots.
- .36 **VACANCY:** Shall mean an unfilled permanent Pilot Position as determined by the Company.
- .37 **YEAR:** Shall mean a complete calendar year.

SECTION 4

FLYING OF COMPANY AIRCRAFT

- 4-1 All aircraft operated by the Company whether owned or leased, shall be flown by Pilot(s) whose name(s) appear on the Kelowna Flightcraft Pilot seniority list.
- 4-2 Notwithstanding 4-1 above, in the event new types of aircraft are procured, or new type airline operations are undertaken, Pilots with special qualifications may be contracted from outside the Company on a temporary basis for the purpose of qualifying successful bidders in the newly created vacancies. These Pilots contracted on a temporary basis, shall be bound by the working conditions of this agreement, and the period of their association with the Company shall not exceed one hundred and twenty (120) days unless mutually agreed upon by the Company and the Association.
- 4-3 Notwithstanding the above, wet leases (i.e. contracting with another company for the provision of an aircraft with crew) may be entered into by the Company under the circumstances listed below:

To carry out flying on a temporary basis due to a lack of available aircraft for reasons beyond the Company's control (e.g. weather conditions, mechanical failures, acts of God, delay of aircraft delivery, etc..)

The Company may enter into wet leases or charters under other circumstances for a period of up to sixty (60) days provided such does not result in the layoff or reduction in base, status or equipment of the Company's Pilots. Prior to entering into such wet leases, the Company will advise the Association. Any wet leases or charters beyond the sixty (60) days will be by mutual agreement between the Company and the Association.

- 4-4 Notwithstanding 4-1 above, to acquire new business, on a one time experimental basis, the Company may use contract Pilots for a maximum of 120 days or longer by mutual consent. The Company will provide the Association with the contract clause limiting to one hundred and twenty (120) days. If the Company decides to continue the operation or reinstate it in following years seniority listed Pilots must be trained for the operation prior to regular startup. Under no circumstances will this clause be utilized in conjunction with 4-2 and any positions created must first be offered to qualified laid off seniority listed Pilots.

SECTION 5
NEW EQUIPMENT

- 5-1 The rates of pay specified in this Agreement apply only to equipment types specified herein. If an equipment type outside these types is to be, or is introduced into regular operations, the Company and the Association will enter into discussions for the purpose of establishing the rate of pay and conditions of service which will apply to such aircraft.
- 5-2 Negotiations shall begin within fourteen (14) calendar days after a request for such negotiations has been made by either party, unless otherwise mutually agreed between the Company and the Association. Failing settlement, the difference will be submitted to arbitration in accordance with the Arbitration Section of this Agreement.
- 5-3 It is understood that the terms of the preceding paragraphs will not prevent the Company from operating the aircraft on the anticipated date providing that it establishes temporary salary rates and grants full retroactive pay to the date the aircraft is placed into service.
- 5-4 The parties understand that such negotiations may be critical to the success of the Company in acquiring new business, so that the fact of and content of such negotiations must be held in confidence until both parties agree to disclosure.

SECTION 6
DEDUCTION OF DUES

- 6-1 The Company shall deduct on the payroll for each pay period from wages due and payable to each Pilot coming within the scope of this Collective Agreement, an amount equivalent to the normal dues of the Association, subject to the conditions set forth hereunder.
- 6-2 The amount to be deducted shall be equivalent to the regular dues payment of the Association and shall not include initiation fees or fines. The amount to be deducted shall not be changed during the term of the Agreement except to conform to a change in the amount of regular dues of the Association in accordance with its constitutional provisions.
- 6-3 Membership in the Association shall be available to any Pilot eligible under the Constitution of the Association on payment of the initiation or reinstatement fees uniformly required of all such applicants by the Association.
- 6-4 If the wages of a Pilot payable on the payroll for the pay period are insufficient to permit the deduction of the full amount of dues, no such deduction will be made from the wages of such Pilot by the Company. The Company shall not carry forward and deduct from any subsequent wages the dues not deducted in the previous month.
- 6-5 Only payroll deductions now or hereafter required by law, deductions of moneys due or owing the Company, and deductions for provident funds, where existent, shall be made from wages prior to the deduction of dues.
- 6-6 The amount of dues so deducted from wages accompanied by a statement of deductions from Pilots, shall be remitted by the Company to the Association as may be mutually agreed by the Association and the Company within twenty one (21) calendar days of the last day of the pay period in which the deductions were made.
- 6-7 The Company shall not be responsible financially or otherwise, either to the Association or to any Pilot for any failure to make deductions or for making improper or inaccurate deductions or remittances other than to adjust the error on 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 Association.
- 6-8 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 defense of such action. All costs including counsel fees shall be borne by the Association. The Association 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.

SECTION 7
MANAGEMENT RIGHTS

- 7-1 The Association recognizes the right of the Company to exercise the regular and customary functions of the Company and to direct the working forces in accordance with the provisions of this Agreement.
- 7-2 The Company has the right to make and implement rules and regulations. Any changes in such rules and regulations made by the Company shall not be in conflict nor inconsistent with the provisions of this Agreement.
- 7-3 The Company retains all rights not expressly limited by the terms of this Agreement.

SECTION 8
SYSTEM SENIORITY

8-1 GOVERNING PRINCIPLE

- .01 Except as otherwise provided in this Agreement, a Pilot's seniority shall govern all promotion and demotion, their retention in case of reduction in force, their assignment or reassignment due to expansion or reduction in schedules, their re-employment after release due to reduction in force, and their choice of vacancies, provided that Pilot's qualifications are sufficient for the operation to which he is to be assigned. In the event that a Pilot is considered by the Company not to be sufficiently qualified, the Company shall immediately notify the affected Pilot and the Association.
- .02 Where a customer requirement exceeds the minimum requirements agreed between parties, the position shall be filled on a temporary basis until the most senior Pilot who bid meets the criteria in accordance with the minimum qualifications for the position, at which time the vacancy will then be filled by the most senior qualified Pilot who bid. The Association will be supplied with a copy of the minimum requirement stipulated.

8-2 MINIMUM QUALIFICATIONS

- .01 B727 Captain
- i. Five thousand (5,000) hours total time with one thousand five hundred (1,500) hours on type; or
 - ii. Five thousand (5,000) hours total time with five hundred (500) hours Pilot in command on turboprop or turbojet aircraft thirty-five thousand (35,000) pounds MTOW or greater.
- .02 CV58 Captain
- i. Four thousand (4,000) hours total time with one thousand five hundred (1,500) hours on turboprop or turbojet aircraft thirty-five thousand (35,000) pounds MTOW or greater; or
 - ii. Four thousand (4,000) hours total time with five hundred (500) hours transport category aircraft Pilot in command; or
 - iii. Three thousand (3,000) hours total time with one thousand five hundred (1,500) hours on type.

.03 First Officers - All Types

- i. Airline Transport Pilot's License (ATPL).

8-3 GENERAL

- .01 The Company will maintain a Pilot System Seniority List. Seniority on the Pilot System Seniority List will begin to accrue from the date of hire as a Pilot and will continue to accrue except as otherwise provided for in this Agreement.
- .02 Where two (2) or more Pilots have the same date of hire, their relative seniority on the Pilot System Seniority List will be determined by lottery in a manner acceptable to the Company and the Association.
- .03 A Pilot transferred to non-flying or supervisory duty shall retain and accrue his seniority.

8-4 SENIORITY LIST

- .01 All Pilots in the employ of the Company shall have their names posted on the Pilot System Seniority List. Such List shall contain in order of seniority the names and status of all Pilots and their respective date of hire. This List shall be published within seven (7) days of the ratification of this agreement.
- .02 Protest in regard to seniority standing shall be submitted to the Director of Flight Operations in writing by the Pilot(s) concerned within thirty (30) calendar days of the date of posting (ninety (90) days for initial Pilot System Seniority List posting). When a Pilot is on vacation, sick leave, or is out of the country when such a list is published, he shall have fifteen (15) days after his return to duty, or until the end of the thirty (30) or ninety (90) day period (whichever is later) to register such protest. Any omissions or errors are to be brought to the attention of the Director of Flight Operations within the specified time period; otherwise the seniority list as posted shall be considered as final and binding and no longer subject to challenge. However by mutual agreement, the Company and the Association shall have the power to correct errors at any time.
- .03 Seniority protests that cannot be satisfactorily resolved shall be processed through the grievance procedure.

8-5 LOSS OF SENIORITY

01. A Pilot shall lose his seniority if he resigns, is discharged for just cause, is on layoff for more than twenty-one (21) months or does not fall into one of the following classifications:
- i). Is actively employed as a Pilot with the Company
 - ii). Is on Short Term Disability (STD)
 - iii). Is on Long Term Disability (LTD).
 - iv). Is on an approved Leave of Absence
 - v). Is absent under the provisions of Section 23
- .02 Should a Pilot exhaust his Long Term Disability and the possibility exists that he may regain a medical certificate, the Company shall consult the Association prior to taking any action resulting in the removal from the seniority list.

SECTION 9

MANAGEMENT AND SUPERVISORY FLYING

9-1 MANAGEMENT FLYING

- .01 Nothing in this Agreement shall restrict the Company's rights to transfer Pilots to non-flying or management duties with their concurrence or the right to withdraw employees from non-flying or management duties.
- .02 A Management Pilot shall notify the Company of his intention to resign his management position, prior to returning to a line flying position.
- .03 A Pilot returning from non-flying or management duties must file a statement of preference and shall be awarded a position, according to his seniority at the time of return, by reviewing any vacancies existing at that time.
- .04 A Pilot transferred to non-flying or supervisory duty shall retain and continue to accrue seniority.

9-2 SUPERVISORY FLYING

- .01 Nothing in this Agreement shall restrict the Company's rights to select Pilots to non-flying or supervisory duties with their concurrence or the right to withdraw employees from non-flying or supervisory duties.
- .02 A Supervisory Pilot may with thirty (30) days written notice to the Director of Flight Operations, relinquish his supervisory duties by using the procedures outlined in 9-2.03.
- .03 A Pilot returning from non-flying or supervisory duties shall return to his previous position providing his seniority entitles him to hold the position.

In the event his seniority does not allow him to hold his previous position or if the position no longer exists, he may exercise his seniority to displace a junior Pilot in accordance with provisions of Section 12.
- .04 Supervisory or Management Pilots may fly any flight due to sickness, injury, bereavement leave or other absence of a Pilot or crew spare aircraft where necessary.
- .05 Supervisory or management Pilots may fly any flight in order to maintain their own currency on the aircraft. No Pilot if displaced, shall lose flight pay as a result

of such supervisory or management flying.

9-3 Check Pilots shall receive additional sum payments distributed equally over their periodic pay cycles in the following amounts:

- a) Check 'A' 5.0% of gross salary
- b) Check 'B' 3.5% of gross salary
- c) Check Second 3.5% of gross salary

SECTION 10

PROBATION

- 10-1 New Pilots will be required to serve a probation period of fifteen (15) months of service with the Company. During the probation period the Company has the sole discretion to dismiss the probationary Pilot for any reason. The probationary Pilot shall be entitled to grieve such dismissal, recognizing that the grievor faces a more difficult test for grievance arising during the probationary period. Cumulative service shall be taken into account in determining the fulfillment of the probation period. No Pilot shall be required by the Company to serve more than one (1) probationary period.

SECTION 11
FILLING OF ASSIGNMENTS

11-1 GENERAL

- .01 The objective of the FILLING OF ASSIGNMENTS Section is to provide an orderly and economically efficient method of applying the principles of seniority to the selection of Pilot Positions.
- .02 For the purposes of determining higher or lower assignment, equipment assignments shall be rated in the following order, regardless of base:

EQUIPMENT ASSIGNMENT

- 1. Boeing 727 Captain
 - 2. Convair 580/5800 Captain
 - 3. Boeing 727 First Officer; Convair 580/5800 First Officer
 - 4. Boeing 727 Second Officer
 - 5. Small Aircraft Captain
- .03 Minimum qualifications and experience requirements necessary to hold any of the positions listed above are outlined in Section 8-2 but may be waived on an individual basis only at the discretion of the Director of Flight Operations or his designate to satisfy changing operating conditions.
 - .04 By the fifteenth (15th) day of January and by the fifteenth (15th) day of every quarter thereafter the Company will publish a Pilot list for posting on bulletin boards if there have been changes.

11-2 POSITION VACANCIES

- .01 If the Company determines there is a vacancy at any base, subject to Section 12-2 the vacancy at the base shall be open to a bid by all qualified Pilots.
- .02 Primary vacancy bulletins, which will comprise of a posting notice and a Pilot Position List, shall be posted on all Pilot bulletin boards, and shall state the following:
 - a). Bulletin number and date of issue;

- b). Aircraft type, status and base;
- c). Rate of pay, per Collective Agreement;
- d). Number of vacancies;
- e). Anticipated effective date for each position;
- f). The closing date after which revised standing bids will not be accepted for the specific vacancy bulletin. Such date will not be less than ten (10) days after the posting date of the vacancy bulletin.

11-3 STANDING BIDS

- .01 A Pilot may maintain on file, on the approved form, a Standing Bid with the Director of Flight Operations. The Standing Bid form shall be dated upon receipt, with the original being kept by Flight Operations and a copy returned to the Pilot for his records. The format of the Standing Bid form may be altered by mutual agreement between the Company and the Association to satisfy changing operating conditions.
- .02 A Standing Bid shall identify a Pilot's desired status and base in numerical order of preference. A Pilot may amend his Standing Bid at any time however; he shall be responsible for ensuring that his Standing Bid reflects his current desires.
- .03 If a new Pilot base or the introduction of a new aircraft type is anticipated, the Company shall post a notice at all existing Pilot bases as soon as possible in advance of the anticipated vacancy, so that Pilots may change their Standing Bid.
- .04 standing bids may be received by the Company via COMAT, fax, or electronically.

11-4 VACANCY AWARDS

- .01 Each Vacancy shall be awarded to the senior Pilot bidding, as follows:
 - a). Primary, secondary and subsequent vacancies:
 From the Standing Bids on file as of the closing date of the primary vacancy bid to the Pilot having the minimum required Transport Canada license(s), and meeting the requirements of 11-1.03.
 - b). Any vacancies not filled by (a) above:
 Are to be filled by hiring of new Pilots.

- .02 Within fifteen (15) days after the closing date of the primary vacancy bid, a pilot position award list will be posted on all Pilot bulletin boards. Effective dates for all primary, secondary and subsequent vacancy awards with the anticipated training month shall be listed.
- .03 If due to matters within the control of the Company, the Company is unable to train in order of seniority, and a junior Pilot's training date is earlier than the most senior Pilot's training date, the most senior Pilot to be trained will receive the increase in pay on the same date as the junior Pilot.

11-5 TEMPORARY ASSIGNMENTS

- .01 Vacancies will be considered temporary, and designated as Temporary Assignments, under the following conditions:
 - a). When the Company designates that a requirement for additional Pilots at a base is for a period of one hundred and twenty (120) days or less; or
 - b). When a vacancy is created by sickness or granting a leave of absence provided that the period is not expected to last one hundred and twenty (120) days.
- .02 Temporary Assignments will be awarded in accordance with system seniority provided that the Pilot holds the necessary qualifications and endorsements.
- .03 A Pilot who accepts a Temporary Assignment will not be required to change his base.
- .04 A Vacancy created by a Temporary Assignment may be filled by hiring a Pilot from outside the Company.
- .05 When a Temporary Assignment remains in effect after the one hundred and twenty (120) day period, or it is determined that the assignment will last longer than one hundred and twenty (120) days, the Temporary Assignment will be designated as a permanent Position and shall be subject to the provisions of 11-2, unless otherwise agreed upon by the Company and the Association.
- .06 When a Temporary Assignment ceases to exist, the Pilot holding the Temporary Assignment shall return to his Permanent Position and the Pilot hired as per 11-5.04 may be eligible to bid any system vacancy or be laid off.

SECTION 12
REDUCTIONS, LAYOFFS, AND RECALLS

12-1 REDUCTIONS AND LAYOFFS

- .01 When reductions in the numbers of Pilots occur, the Company will advise the Association of the number of positions to be reduced, bases, equipment to be affected, and the date(s) on which the reductions will become effective.
- .02 No layoffs shall occur until Voluntary Leaves of Absence (VLOA) have been offered. VLOA(s) offered shall be made available to Pilots at the affected base(s) only.
- .03 A VLOA to be offered shall include a specified term of duration to be decided at the Company's discretion. Once the term has expired, the Pilot who has accepted a VLOA to mitigate layoff(s) shall return subject to LOA procedures, not Layoff/Recall procedures.
- .04 A Pilot who has accepted a VLOA to mitigate layoff(s) may have his VLOA cancelled with twenty-one (21) days notice.
- .05 Pilots accepting a VLOA shall continue to accrue seniority for the duration of the VLOA.
- .06 The Company shall make every effort to provide at least twenty-one (21) days notice to a Pilot prior to his layoff.
- .07 Reductions will affect the most junior Pilots in the system in reverse order of seniority, as set out in this Section.
- .08 Where a reduction in the numbers of Pilots occurs the displacement of Pilots shall be accomplished as follows:
 - a). The junior Captain on the aircraft type at the base adversely affected will have the options of:
 - (i). displacing the Captain on his aircraft type who is most junior to him in the Company; or
 - (ii). displacing the most junior Captain on a lower equipment assignment at his base (where more than one lower equipment assignment exists at a base the Pilot may exercise his options to

- equipment); or
- (iii). displacing the most junior Captain on a lower equipment assignment in the Company; or
- (iv). displacing the most junior First Officer at his base. Where there is no F/O junior to the affected Captain at his base, he shall have the option of displacing the most junior F/O in the Company; or
- (v). displacing the most junior Second Officer at his base (when there is no S/O junior to the affected Captain at his base or there is no S/O, he shall have the option of displacing the most junior S/O in the Company); or
- (vi). taking a Leave of Absence; or
- (vii). accepting layoff
- b). If the Captain displaced by 12-1.08 a). above is not the most junior Captain in the Company, he will have the options of 12-1.08 a). ii, iii, iv, v, vi and vii.
- c). If the Captain displaced by 12-1.08 a). above is the most junior Captain in the Company, he will have the options of 12-1.08 a). iv, v, vi and vii.
- d). The junior First Officer displaced by 12-1.08 a). above will have the options of:
 - (i). displacing the most junior First Officer in the Company on his aircraft type; or
 - (ii). displacing the most junior First Officer in a lower equipment assignment at his base (where more than one lower equipment assignment exists at the base the Pilot may exercise his options to equipment); or
 - (iii). displacing the most junior First Officer in the Company; or
 - (iv). displacing the most junior Second Officer at his base (when there is no S/O junior to the affected F/O at his base he shall have the option of displacing the most junior S/O in the Company); or
 - (v). taking a Leave of Absence; or
 - (vi). accepting layoff
- e). If the First Officer displaced by 12-1.08 d). above is not the most junior

First Officer in the Company, he will have the options of 12-1.08 d). ii, iii, iv, v and vi.

- f). If the First Officer displaced by 12-1.08 d). above is the most junior First Officer in the Company, he will have the options of 12-1.08 d). iv, v and vi.
 - g). The junior Second Officer displaced by 12-1.08 d). above will have the options of:
 - (i). displacing the most junior Second Officer in the Company or a Small Aircraft Captain; or
 - (ii). taking a Leave of Absence; or
 - (iii). accepting layoff
- .09 Pilots, other than Second Officers, who will be laid off, and whose instrument rating is due to expire within six (6) months from the date of layoff, shall have their instrument ratings renewed by the Company prior to said layoff.
- .10 A Pilot who is to be laid off, shall have the option of being paid out for all or any outstanding vacation pay, including statutory holidays owing.
- .11 A Pilot who is laid off shall file his Canadian address with the Company and shall thereafter promptly advise the Company of any change of Canadian address.
- .12 A Pilot shall retain his seniority while on layoff or Leave-of-Absence as defined by Section 8-5.
- .13 A Pilot on layoff shall have the option of maintaining all or any benefits normally covered by payroll deduction at the Pilot's expense subject to the terms and conditions of the Company's group insurance plans.

12-2 RECALLS

- .01 Recalls shall occur in order of Seniority.
- .02 The Company shall give the Pilot recall notice, verbally or in writing, not less than twenty-one (21) calendar days prior to his reporting date. However, a shorter reporting period may be arranged by mutual agreement between the Company and the Pilot.
- .03 A Pilot must advise the Company of his acceptance of a recall notice within five (5) calendar days from the notification and be available to report for duty on the reporting date contained in the recall notice. Recall notices will be

confirmed via registered mail.

- .04 Where the Company makes reasonable efforts to contact the Pilot and cannot do so within seven (7) days then the Pilot shall be deemed to have refused the recall.
- .05 If all Pilots recalled refuse the notice of recall, the junior Pilot on layoff shall be obliged to accept the recall or his employment will be terminated. The next most junior Pilot must then accept the recall or his position will be terminated and this process will continue until the position is filled. The Company may issue multiple recall notices at the same time to avoid delays through sequentially processing notices through the above procedure.
- .06 Pilots who do not have the minimum qualifications to perform the positions may be by-passed by the Company when recalling Pilots.

SECTION 13

TRAINING

13-1 GENERAL

- .01 During initial training upon being hired:
 - a). All expenses and travel will be paid by the Company.
 - b). The credit day system will commence the first (1st) or sixteenth (16th) day of the month nearest the completion of line check.
- .02 All training days except for new hires will be considered normal credit days and associated expenses and travel will be treated as such.
- .03 No period of training shall be more than six (6) consecutive days duration without a minimum of twenty-four (24) hours completely free of all duty, except by mutual agreement between the Company and the Association.
- .04 Pilots will be allowed to review their training file in the presence of a Chief Pilot or his designate.
- .05 The Company will not be responsible for maintaining current instrument rating for Second Officers.
- .06 Any Second Officer time spent line indoctrinating Pilots after a Second Officer has been awarded an upgrade, will be counted as First Officer time and total time for the purpose of minimum qualifications as per Section 8-2.

13-2 FAILURE TO QUALIFY - PPC/IFR RENEWAL

- .01 A Pilot who fails to demonstrate the required proficiency during a check ride shall be subject to the following:
 - a). He shall be given additional training in the areas in which the required proficiency was not demonstrated, followed by the appropriate check ride.
 - b). If the Pilot fails a second time, his case shall be reviewed by the Company in consultation with the Association and he shall be advised in writing within thirty (30) calendar days of his current and future status with the Company up to and including termination.
- .02 In the application of (a) above, the Pilot shall have the option of having any additional training or checks conducted by a different training or Check Pilot, as

the case may be, provided that the training or Check Pilot is available.

13-3 FAILURE TO QUALIFY - CONVERSION/STATUS OR EQUIPMENT

- .01 A Pilot who fails to demonstrate the required proficiency shall be subject to the following:
- a). He shall be given additional training in the area in which the required proficiency was not demonstrated followed by the appropriate check ride.
 - b). If the Pilot fails a second time, he shall return to his former equipment and status subject to his ability to re-qualify in accordance with this Section. The Company shall have the discretion to determine his base location having regard to changes in positions of other Pilots. The Pilot will remain in his former status and equipment for a period of twelve (12) months before he is eligible to re-bid a change of status or equipment. The Company may waive the foregoing limitations.
- .02 In the application of (a) or (b) above, the Pilot shall have the option of having any additional training or checks conducted by a different training or check Pilot, as the case may be, provided that the training or check Pilot is available.
- .03 In the application of .01 above, if the Pilot's former status and equipment no longer exists due to the removal of his previous equipment type from the fleet, he will be advised within thirty (30) days of his current and future status with the Company up to and including termination.

13-4 FAILURE TO QUALIFY - LINE INDOCTRINATION (following conversion)

- .01 A Pilot who fails to demonstrate the required proficiency during Line Indoctrination shall be subject to the following:
- a). He shall be given additional Line Indoctrination. The Pilot shall have the option of having the additional Line Indoctrination conducted by the original or a different training or check Pilot provided the training or check Pilot is available.
 - b). If the Pilot fails a second time, he shall return to his former equipment type and status subject to his ability to re-qualify in accordance with this Section. The Company shall have the discretion to determine his base location having regard to changes in positions of other Pilots. The Pilot will remain in his former status and equipment for a period of twelve (12) months before he is eligible to re-bid a change in status or equipment.

- c). In the case where a Pilot's former equipment no longer exists due to the removal of his previous equipment type from the fleet his case shall be reviewed by the Company in consultation with the Association and he shall be advised in writing within fifteen (15) calendar days of his current and future status with the Company up to and including termination. However, the Company in consultation with the Association in such situations will make every effort to place the Pilot on an alternative equipment type.
- .02 If a Pilot who has returned to his former status and equipment in accordance with the provisions of Section 13 above subsequently bids and is awarded status upgrade or equipment conversion, he will be subject to the provisions of 13-3.01(a) and 13-4.01(a). However, if at any step he should fail to demonstrate the required proficiency he shall not return to his former equipment and status, his case shall be reviewed by the Company in consultation with the Association and he shall be advised in writing within fifteen (15) calendar days of his current and future status with the Company up to and including termination.

13-5 TRAINING AGREEMENT

- .01 The Parties recognize the benefits of a mutual commitment toward the success of the Company and the career advancement of the Pilot which is represented by the Company's commitment to training. The Parties also recognize the benefits to the Pilot and the cost to the Company of initial and upgrade training, and the highly competitive nature of the Company's market. Therefore the Parties recognize the necessity for a commitment by the Pilot receiving the training to remain with the Company for at least a year following the completion of the training.
- .02 Pilots shall be required to sign a Letter of Agreement (the "Training Agreement") in the form set out in Section .03 below, as a condition precedent to and in consideration of participating in any training offered by or on behalf of the Company. The Training Agreement will set out a promise to pay for a portion of the training costs to a predetermined value, to be enforceable against the Pilot as set out in the Training Agreement should the Pilot voluntarily leave the service of the Company within twelve (12) months of completion of the training or such portion of the training, as the case may be.

.03 Training Agreement

LETTER OF AGREEMENT

BETWEEN

KELOWNA FLIGHTCRAFT AIR CHARTER LTD.

(Hereinafter Referred to as Flightcraft)

5655 Airport Way, Kelowna Airport, Kelowna, B.C. V1V 1S1

A

COMPANY DULY REGISTERED IN THE PROVINCE OF

BRITISH COLUMBIA, CANADA

AND

(Fill in full name)

(Hereinafter referred to as the Trainee)

(Fill in full address)

An Employee of Kelowna Flightcraft Air Charter Ltd.

of

The Province of British Columbia, Canada

Flightcraft and the Trainee being separately and mutually agreeable, do hereby agree to the following:

1. A. Flightcraft agrees to conduct or otherwise arrange, the type of courses and training stipulated herein.

(Stipulate training)

- B. Flightcraft agrees to conduct or arrange for the conductance of the said training at the following location and in accordance with the schedule herein set forth.

(Stipulate place, dates)

- C. Flightcraft agrees to provide the Trainee with a written invoice for the cost of the course in accordance with the following schedule:

Prepaid Transportation	Inc. below
Prepaid Meals	Inc. below
Prepaid Accommodation	Inc. below
Prepaid Course Instruction	Inc. below
Prepaid Company Overhead	Inc. below

The total cost of the said course and/or training will be _____ Canadian funds.

2. A. The Trainee agrees to attend the aforementioned course and/or training at the place and times prescribed.
- B. The Trainee agrees to use his or her best efforts to pass said course of training and attain any licenses or endorsement which may be granted by Transport Canada, as a result of the completion of said training or course.

- C. The Trainee agrees to reimburse Flightcraft in accordance with the terms and conditions set out in paragraph 3 following.
3. A. Flightcraft and the Trainee mutually agree that the term of repayment shall be over twelve consecutive months following the line check.
- B. Flightcraft and the Trainee mutually agree that the payment per month will be calculated as follows: total cost of course/training divided by 12 months equals payment per month. The first payment will commence on the 15th day of the following month after the line check if the line check occurs closest to the 15th of the month. If the line check is closest to the 31st of the month, the first payment will commence on the 31st of the following month.
- C. Payments shall be made to the following address:
- Kelowna Flightcraft Air Charter Ltd.
5655 Airport Way
Kelowna, B.C.
V1V 1S1
Attention: Flight Operations
- D. Flightcraft agrees to waive all monthly payments during that period of time which the Trainee remains an employee in good standing of Flightcraft.
- E. Flightcraft agrees to waive all monthly payments stated herein should the Trainee be laid off or otherwise be terminated through no cause or action of his/her own.
- F. In the event the Trainee is laid off by Flightcraft, it agrees that no payments will be required to be made by the Trainee during the term of such lay off.
- G. The Trainee agrees that in the event he/she leaves the employ of Flightcraft prior to full repayment of the monies owing, the balance owing shall become due and payable and Flightcraft is entitled to deduct monies owing hereunder from any wages or benefits otherwise owing by Flightcraft to the Trainee.

- H. In the event that the Trainee is terminated for cause or resigns before completing the course and/or training, the Trainee agrees to pay in full, all costs incurred to date of training as per 1C of this agreement.

THE PARTIES HEREBY BEING MUTUALLY AGREEABLE, SO SIGNIFY BY SIGNATURE THIS _____ DAY OF _____, 200____.

Witness

Kelowna Flightcraft Air Charter Ltd.

Witness

Trainee

SECTION 14
HOURS OF SERVICE

14-1 GENERAL

- .01 Forty-two (42) credit days per quarter will be scheduled for Pilots covered by this Agreement always understanding that extra credit days may be assigned by seniority to Pilots at that Base expressing a preference for such assignments.
- .02 A Pilot shall be considered to be on duty during all deadheading.
- .03 The Company shall maintain a daily record of credit days accrued during the month and the quarter for every Pilot. These figures shall be available to Pilots upon request.
- .04 It is recognized by the parties that unforeseen circumstances and abnormal operations (including seasonal variations) will occur and the Pilots will co-operate with the Company to meet demands outside of the schedule referred to in .01 above.

14-2 DUTY PERIOD

- .01 A Duty Period shall commence:
 - a). a minimum of one (1) hour prior to the scheduled departure time, unless there is mutual agreement between the Captain and the Director of Flight Operations or his designate, or
 - b). forty-five (45) minutes prior to the scheduled departure time for a Pilot who is deadheading only.
- .02 For the purpose of establishing the commencement of rest period in 14-3 below, a Duty Period shall end:
 - a). when a Pilot is released from duty by the Director of Flight Operations or his designate, or
 - b). fifteen (15) minutes after the arrival time for a Pilot who is deadheading only.
- .03 The maximum scheduled Duty Period for Pilots will be fourteen (14) hours as set out in the C.A.R.S and the Company Operations Manual.

14-3 REST PERIODS

.01 Rest Period will be scheduled between Duty Periods as follows:

At a Pilot's home Base the minimum Rest Period will be eleven (11) hours.

When a Pilot is away from home Base the minimum Rest Period will be ten (10) hours.

Unless there is mutual agreement between the Pilot and the Company to the contrary.

.02 A Pilot's prone rest shall not be interrupted by the Company.

14-4 CREDIT DAYS

.01 A full Credit Day will be awarded for time in excess of five (5) hours on duty. One-half of one Credit Day will be awarded for any time five (5) hours or less on duty. This includes regularly scheduled and unscheduled flights, standby, deadheading, training and any days away from a Pilot's home Base.

.02 If a Pilot is deadheading at the Company's request and check in is required prior to 15:00 local time at his Base, the Pilot shall receive a full credit day regardless of time spent on duty.

.03 If a Pilot is deadheading at the Company's request and check in is required at 15:00 local time or later at his base, the Pilot shall receive one-half of one credit day unless more than five (5) hours is spent on duty as per .01 above.

.04 A Pilot who has his duty canceled within twelve (12) hours of scheduled check-in will receive a full credit day.

14-5 EXTRA CREDIT DAYS

.01 Overtime will be earned in the following circumstances:

a). by accruing any credit days per quarter in excess of those specified in the table below:

Effective Date	Nov. 01 2002	Nov. 01 2003	Nov. 01 2004 – Oct. 31 2009
Credit Days	45.0 days	44.5 days	44.0 days

- .02 Overtime will be paid at the rate of one point five (1.5) times the Pilot's daily rate. If the Pilot does not want to be paid out, the overtime shall be compensated as time off at a rate of 1 day for 1 day (1 for 1). Such extra days must be taken as time off within the following two (2) quarters and are not cumulative beyond that point.
- .03 Extra credit days between forty-three (43) and the number of credit days per quarter specified in .01 above will be paid at the Pilot's regular day rate 1 day for 1 day (1 for 1).

14-6 WORK ON A SCHEDULED DAY OFF

Work on a scheduled day off will be paid as part of the quarterly averaging. The Company will make reasonable efforts to avoid requiring a Pilot to work on a scheduled day off. Should the Company be unable to schedule Pilots in accordance with 14-1.01, they shall select Pilots in reverse order of seniority at the base.

14-7 FLIGHT TESTING AIRCRAFT

All flight testing will be scheduled to begin at the beginning of a Duty Period for aircraft coming out of a heavy maintenance check requiring a flight test. This will not apply to system confidence flights, if the pilots agree.

SECTION 15
SCHEDULING RULES

15-1 OBJECTIVE

- .01 The objective of these scheduling rules is to provide an orderly and economically efficient method of scheduling Pilot duties with due regard to seniority and operational requirements, efficiency and economy of flight operations.
- .02 Notwithstanding 15-1.01, seniority shall be the primary determinant in building schedules exclusive of individual(s) pay scale.
- .03 If it is found that any of the rules contained herein require change, or alternatively that additional rules should be adopted, such changes or additions can be made by mutual agreement between the Company and the Association.

15-2 GENERAL

- .01 The Company shall make best efforts so that schedules shall be posted no later than the fifteenth (15th) of the previous month (e.g. Schedule for July shall be posted no later than June 15th).
- .02 The Company shall distribute the following:
 - 1. A list, prepared in conjunction with an appointee of the Association, of all available pairings for the month subsequent to that (the bid month);
 - 2. A bid sheet for the selection of preferences in the bid month for submission to the scheduling department. Pilot bid sheets will be accepted by fax or electronically;
 - 3. A list of all training and vacation awards in the bid month;
 - 4. The Pilots shall have a minimum of seven (7) days to complete their bid.

15-3 DAYS OFF

- .01 Except by mutual agreement between the Pilot and the Company, a Pilot will be scheduled for a minimum of ten (10) days off a month.

15-4 TRAINING

.01 Scheduling rules for training shall be in accordance with Section 13-1.

15-5 PAIRING TRADES

- .01 Pilots may be allowed to trade pairings with other Pilots in the same position. Pilots requesting a pairing trade shall do so in writing, signed by both Pilots involved. No interference with either Pilot's schedule or availability shall be caused, i.e. quarterly minimum/maximum credit levels, and rest periods cannot be compromised.
- .02 Where a trade does not result in an equal exchange of credit days in no case will the Company be liable for any additional cost.
- .03 Once a pairing is exchanged it becomes part of the Pilot's schedule.

SECTION 16
RATES OF PAY

16-1 GENERAL

- .01 Pilot daily rate is calculated by dividing Pilot's gross monthly salary by fourteen (14), except for the C402 salary which is based on working all business days in the calendar month.
- .02 Pilots will be paid on the last business day up to and including the fifteenth (15th) of the month and the last day of the month. Wages are paid out via direct deposit to the account of the Pilot's choosing.
- .03 Expenses will be paid out (via the method in 16-1.02) the pay period after the Company has received the monthly Pilot expense form (if received seven (7) working days prior to the pay period).
- .04 Overtime will be calculated and paid out (via the method in 16-1.02) on the last day of the month following the end of the quarter.
- .05 Pilot salaries are based on forty-two (42) working days per quarter. If a Pilot works less than forty-two (42) days in a quarter he still receives his full salary, unless such deficit is created by request of the Pilot.
- .06 Yearly increases in wages are made according to pay scales in Table 16.1. The beginning of a year for the purposes of yearly increments is deemed to be the day a Pilot's line indoctrination is complete rounded to the nearest pay period.
- .07 When a First Officer is assigned, at the request of the Company to serve as a Second Officer on any flight, while his permanent First Officer assignment is still current, he will continue to receive pay at his First Officer's rate. A Captain serving as a First Officer will receive his pay at his Captain's rate.
- .08 Based on Consumer Price Index (CPI) information from October 31 in the years 2006, 2007, and 2008, and effective November 01 in the years 2006, 2007, and 2008 wages shall be increased as indicated in the following table:

CPI from October 31 in the years 2006, 2007, and 2008:	Wage increase effective November 01 in the years 2006, 2007, and 2008:
0.00% - 2.99%	2.00%
3.00% or greater	Increase equal to CPI

Wage increases based on CPI in the table above shall be cumulative, and shall become the base wage to be increased in the following year.

Table 16-1

B727 Captain							
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
1-Nov-02	503.57	533.79	565.81	599.76	635.75	673.89	714.33
	7049.98	7473.06	7921.34	8396.64	8900.50	9434.46	10000.62
	84599.76	89676.72	95056.08	100759.68	106806.00	113213.52	120007.44
1-Nov-03	513.64	544.46	577.13	611.76	648.46	687.37	728.61
	7190.96	7622.44	8079.82	8564.64	9078.44	9623.18	10200.54
	86291.52	91469.28	96957.84	102775.68	108941.28	115478.16	122406.48
1-Nov-04	523.92	555.35	588.67	623.99	661.43	701.12	743.18
	7334.88	7774.90	8241.38	8735.86	9260.02	9815.68	10404.52
	88018.56	93298.80	98896.56	104830.32	111120.24	117788.16	124854.24
1-Nov-05	534.39	566.46	600.45	636.47	674.66	715.14	758.05
	7481.46	7930.44	8406.30	8910.58	9445.24	10011.96	10612.70
	89777.52	95165.28	100875.60	106926.96	113342.88	120143.52	127352.40
1-Nov-06	545.08	577.79	612.45	649.20	688.15	729.44	773.21
	7631.12	8089.06	8574.30	9088.80	9634.10	10212.16	10824.94
	91573.44	97068.72	102891.60	109065.60	115609.20	122545.92	129899.28
1-Nov-07	555.98	589.34	624.70	662.19	701.92	744.03	788.67
	7783.72	8250.76	8745.80	9270.66	9826.88	10416.42	11041.38
	93404.64	99009.12	104949.60	111247.92	117922.56	124997.04	132496.56
1-Nov-08	567.10	601.13	637.20	675.43	715.95	758.91	804.45
	7939.40	8415.82	8920.80	9456.02	10023.30	10624.74	11262.30
	95272.80	100989.84	107049.60	113472.24	120279.60	127496.88	135147.60

Note: There will be no reductions in pay for individuals. Pilots whose wage would decrease with this scale will stay at their present wage until this scale causes an increase.

B727 and CV580 First Officer						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1-Nov-02	287.04	304.26	322.51	341.86	362.38	384.12
	4018.56	4259.64	4515.14	4786.04	5073.32	5377.68
	48222.72	51115.68	54181.68	57432.48	60879.84	64532.16
1-Nov-03	292.78	310.34	328.96	348.70	369.62	391.80
	4098.92	4344.76	4605.44	4881.80	5174.68	5485.20
	49187.04	52137.12	55265.28	58581.60	62096.16	65822.40
1-Nov-04	298.63	316.55	335.54	355.68	377.02	399.64
	4180.82	4431.70	4697.56	4979.52	5278.28	5594.96
	50169.84	53180.40	56370.72	59754.24	63339.36	67139.52
1-Nov-05	304.60	322.88	342.25	362.79	384.56	407.63
	4264.40	4520.32	4791.50	5079.06	5383.84	5706.82
	51172.80	54243.84	57498.00	60948.72	64606.08	68481.84
1-Nov-06	310.70	329.34	349.10	370.04	392.25	415.78
	4349.80	4610.76	4887.40	5180.56	5491.50	5820.92
	52197.60	55329.12	58648.80	62166.72	65898.00	69851.04
1-Nov-07	316.91	335.93	356.08	377.45	400.09	424.10
	4436.74	4703.02	4985.12	5284.30	5601.26	5937.40
	53240.88	56436.24	59821.44	63411.60	67215.12	71248.80
1-Nov-08	323.25	342.64	363.20	384.99	408.09	432.58
	4525.50	4796.96	5084.80	5389.86	5713.26	6056.12
	54306.00	57563.52	61017.60	64678.32	68559.12	72673.44

Note: There will be no reductions in pay for individuals. Pilots whose wage would decrease with this scale will stay at their present wage until this scale causes an increase.

B727 Second Officer						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1-Nov-02	201.43	213.51	226.33	239.90	254.30	269.56
	2820.02	2989.14	3168.62	3358.60	3560.20	3773.84
	33840.24	35869.68	38023.44	40303.20	42722.40	45286.08
1-Nov-03	205.46	217.78	230.85	244.70	259.38	274.95
	2876.44	3048.92	3231.90	3425.80	3631.32	3849.30
	34517.28	36587.04	38782.80	41109.60	43575.84	46191.60
1-Nov-04	209.57	222.14	235.47	249.60	264.57	280.45
	2933.98	3109.96	3296.58	3494.40	3703.98	3926.30
	35207.76	37319.52	39558.96	41932.80	44447.76	47115.60
1-Nov-05	213.76	226.58	240.18	254.59	269.86	286.06
	2992.64	3172.12	3362.52	3564.26	3778.04	4004.84
	35911.68	38065.44	40350.24	42771.12	45336.48	48058.08
1-Nov-06	218.03	231.11	244.98	259.68	275.26	291.78
	3052.42	3235.54	3429.72	3635.52	3853.64	4084.92
	36629.04	38826.48	41156.64	43626.24	46243.68	49019.04
1-Nov-07	222.39	235.74	249.88	264.87	280.77	297.61
	3113.46	3300.36	3498.32	3708.18	3930.78	4166.54
	37361.52	39604.32	41979.84	44498.16	47169.36	49998.48
1-Nov-08	226.84	240.45	254.88	270.17	286.38	303.56
	3175.76	3366.30	3568.32	3782.38	4009.32	4249.84
	38109.12	40395.60	42819.84	45388.56	48111.84	50998.08

Note: There will be no reductions in pay for individuals. Pilots whose wage would decrease with this scale will stay at their present wage until this scale causes an increase.

CV580 Captain						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1-Nov-02	377.68	400.34	424.36	449.82	476.81	505.42
	5287.52	5604.76	5941.04	6297.48	6675.34	7075.88
	63450.24	67257.12	71292.48	75569.76	80104.08	84910.56
1-Nov-03	385.23	408.35	432.85	458.82	486.35	515.53
	5393.22	5716.90	6059.90	6423.48	6808.90	7217.42
	64718.64	68602.80	72718.80	77081.76	81706.80	86609.04
1-Nov-04	392.94	416.51	441.50	467.99	496.07	525.84
	5501.16	5831.14	6181.00	6551.86	6944.98	7361.76
	66013.92	69973.68	74172.00	78622.32	83339.76	88341.12
1-Nov-05	400.80	424.84	450.33	477.35	506.00	536.35
	5611.20	5947.76	6304.62	6682.90	7084.00	7508.90
	67334.40	71373.12	75655.44	80194.80	85008.00	90106.80
1-Nov-06	408.81	433.34	459.34	486.90	516.12	547.08
	5723.34	6066.76	6430.76	6816.60	7225.68	7659.12
	68680.08	72801.12	77169.12	81799.20	86708.16	91909.44
1-Nov-07	416.99	442.01	468.53	496.64	526.44	558.02
	5837.86	6188.14	6559.42	6952.96	7370.16	7812.28
	70054.32	74257.68	78713.04	83435.52	88441.92	93747.36
1-Nov-08	425.33	450.85	477.90	506.57	536.97	569.18
	5954.62	6311.90	6690.60	7091.98	7517.58	7968.52
	71455.44	75742.80	80287.20	85103.76	90210.96	95622.24

Note: There will be no reductions in pay for individuals. Pilots whose wage would decrease with this scale will stay at their present wage until this scale causes an increase.

WW1124 Captain						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1-Nov-02	328.34	364.21	387.07	409.68	434.26	460.31
	4596.76	5098.94	5418.98	5735.52	6079.64	6444.34
	55161.12	61187.28	65027.76	68826.24	72955.68	77332.08
1-Nov-03	334.90	371.49	394.81	417.87	442.94	469.52
	4688.60	5200.86	5527.34	5850.18	6201.16	6573.28
	56263.20	62410.32	66328.08	70202.16	74413.92	78879.36
1-Nov-04	341.60	378.92	402.71	426.23	451.80	478.91
	4782.40	5304.88	5637.94	5967.22	6325.20	6704.74
	57388.80	63658.56	67655.28	71606.64	75902.40	80456.88
1-Nov-05	348.43	386.50	410.77	434.75	460.84	488.49
	4878.02	5411.00	5750.78	6086.50	6451.76	6838.86
	58536.24	64932.00	69009.36	73038.00	77421.12	82066.32
1-Nov-06	355.40	394.23	418.98	443.45	470.05	498.26
	4975.60	5519.22	5865.72	6208.30	6580.70	6975.64
	59707.20	66230.64	70388.64	74499.60	78968.40	83707.68
1-Nov-07	362.51	402.12	427.36	452.32	479.46	508.22
	5075.14	5629.68	5983.04	6332.48	6712.44	7115.08
	60901.68	67556.16	71796.48	75989.76	80549.28	85380.96
1-Nov-08	369.76	410.16	435.91	461.36	489.04	518.39
	5176.64	5742.24	6102.74	6459.04	6846.56	7257.46
	62119.68	68906.88	73232.88	77508.48	82158.72	87089.52

Note: There will be no reductions in pay for individuals. Pilots whose wage would decrease with this scale will stay at their present wage until this scale causes an increase.

WW1124 First Officer						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
1-Nov-02	222.81	247.13	262.62	278.18	294.43	311.64
	3119.34	3459.82	3676.68	3894.52	4122.02	4362.96
	37432.08	41517.84	44120.16	46734.24	49464.24	52355.52
1-Nov-03	227.27	252.07	267.87	283.74	300.32	317.87
	3181.78	3528.98	3750.18	3972.36	4204.48	4450.18
	38181.36	42347.76	45002.16	47668.32	50453.76	53402.16
1-Nov-04	231.81	257.12	273.23	289.42	306.33	324.23
	3245.34	3599.68	3825.22	4051.88	4288.62	4539.22
	38944.08	43196.16	45902.64	48622.56	51463.44	54470.64
1-Nov-05	236.45	262.26	278.69	295.21	312.45	330.71
	3310.30	3671.64	3901.66	4132.94	4374.30	4629.94
	39723.60	44059.68	46819.92	49595.28	52491.60	55559.28
1-Nov-06	241.18	267.50	284.26	301.11	318.70	337.33
	3376.52	3745.00	3979.64	4215.54	4461.80	4722.62
	40518.24	44940.00	47755.68	50586.48	53541.60	56671.44
1-Nov-07	246.00	272.85	289.95	307.13	325.08	344.07
	3444.00	3819.90	4059.30	4299.82	4551.12	4816.98
	41328.00	45838.80	48711.60	51597.84	54613.44	57803.76
1-Nov-08	250.92	278.31	295.75	313.27	331.58	350.95
	3512.88	3896.34	4140.50	4385.78	4642.12	4913.30
	42154.56	46756.08	49686.00	52629.36	55705.44	58959.60

Note: There will be no reductions in pay for individuals. Pilots whose wage would decrease with this scale will stay at their present wage until this scale causes an increase.

C402 Captain					
	Year 1	Year 2	Year 3	Year 4	Year 5
1-Nov-02	2172.79	2303.16	2441.35	2601.69	2764.67
	26073.48	27637.92	29296.20	31220.28	33176.04
1-Nov-03	2216.25	2349.22	2490.18	2653.73	2819.96
	26595.00	28190.64	29882.16	31844.76	33839.52
1-Nov-04	2260.57	2396.21	2539.98	2706.80	2876.36
	27126.84	28754.52	30479.76	32481.60	34516.32
1-Nov-05	2305.78	2444.13	2590.78	2760.94	2933.89
	27669.36	29329.56	31089.36	33131.28	35206.68
1-Nov-06	2351.90	2493.01	2642.60	2816.16	2992.57
	28222.80	29916.12	31711.20	33793.92	35910.84
1-Nov-07	2398.94	2542.87	2695.45	2872.48	3052.42
	28787.28	30514.44	32345.40	34469.76	36629.04
1-Nov-08	2446.92	2593.73	2749.36	2929.93	3113.47
	29363.04	31124.76	32992.32	35159.16	37361.64

Note: The C402 scale is the monthly salary for working all business days in a calendar month.

SECTION 17

ACCOMMODATION

17-1 ACCOMMODATIONS

- .01 A suitable facility or, failing that, adequate hotel accommodation shall be provided for crew during a continuous duty period, where there is more than five (5) hours planned ground time.
- .02 A Pilot who is on layover away from home base in the course of flight duty, deadheading, training, or other Company business, will be provided suitable single room accommodation at Company expense.

17-2 PER DIEMS

- .01 Per Diems - Overnight/Away from Home Base

Pilots on overnight or away from home base shall be eligible for per diems as listed below. "Hours away from base" is determined from the commencement of each duty period for the purposes of this table.

Time Interval	Nov. 01 2002	Nov. 01 2003	Nov. 01 2004	Nov. 01 2005	Nov. 01 2006	Nov. 01 2007	Nov. 01 2008
0 - 4	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
4 - 8	\$13.36	\$14.67	\$15.71	\$16.02	\$16.35	\$16.68	\$17.01
8 - 12	\$25.50	\$28.00	\$30.00	\$30.60	\$31.21	\$31.84	\$32.47
12 - 24	\$51.00	\$56.00	\$60.00	\$61.20	\$62.42	\$63.67	\$64.95

- .02 When an applicable time interval occurs in the United States, during a stopover or layover exceeding four (4) hours, the Pilot shall be entitled to that interval per diem in US funds equivalent.
- .03 For purposes of per diems, a float of three hundred dollars (\$300.00) will be provided by the Company for any and all Pilots, to be paid back in full upon leaving the Company.
- .04 The Company shall reimburse each Pilot for the costs of visas, passports, inoculations, and any airport or government charges incurred for travel on Company business, at the Company's request.
- .05 Monthly expense sheets are to be sent to the Company by mail, COMAT, fax or electronically. Expense sheets with receipts must be sent by mail or COMAT.

SECTION 18

UNIFORMS

- 18-1 Uniforms will be maintained and worn according to standards prescribed by the Company.
- 18-2 The Company will consult with the Association before making changes to the uniform.
- 18-3 The Company will pay fifty percent (50%) of the cost of all uniforms, which will be deemed to have a useful life of twenty-four (24) months, with the exception of sweaters, parkas, which will be deemed to have a useful life of thirty-six (36) months. The uniform will consist of:
- 1). Navy blue pants of a conservative design (2 per year);
 - 2). White aviation shirt with epaulets attached (6 per year);
 - 3). Navy blue tie (tie tack permitted) 2 initially (1 per year thereafter);
 - 4). Navy blue Flightcraft logo sweater (optional);
 - 5). Company parka and/or overcoat (winter); and navy blue jacket (summer) where applicable;
 - 6). Blazer where applicable;
 - 7). Black dress shoes or black boots (winter) (not paid by Company);
 - 8). Dark blue or black socks (not paid by Company).
- 18-4 The Company will supply and own, epaulettes, braid, badges, and insignias as prescribed by the Company.
- 18-5 The parties recognize the desirability of properly maintaining uniforms as outlined in Section 18-1. To this end a uniform maintenance allowance shall be paid to each Pilot monthly in the sum of thirty-five dollars (\$35) un-receipted.
- 18-6 The Pilot shall have the right to request the purchase of a new uniform or accessory if individual circumstance warrant.
- 18-7 All alterations to uniforms will be paid by the Company if approved in advance by the Company.

SECTION 19

PHYSICAL EXAMINATIONS

- 19-1 Except for the initial medical examination for newly hired Pilots, the Company medical standards for physical examinations shall be no more restrictive than those standards set forth in the Transport Canada regulations as being required to maintain an Airline Transport Pilot License, including any waiver policies adopted by Transport Canada.
- 19-2 The periodic physical, electrocardiogram and audiogram examinations, required under Transport Canada regulations for license endorsement are the responsibility of the Pilot. The examinations shall be conducted by any Transport Canada approved Doctor, subject to 19-3 and 19-5.
- 19-3 A list of aviation medical examiners that may be used for the purpose of licensing Pilots at each Pilot Base shall be approved by the company. The list of medical examiners shall be subject to annual review.
- 19-4 The expense of any such physical, electrocardiogram, and audiogram conducted by listed Transport Canada doctors shall be borne by the Company, for each necessary examination including all tests and procedures required for the total examination. The Company will pay the Ministry of Transport license validation fees.
- 19-5 The Pilot shall have the option of using any Transport Canada approved doctor other than those listed in 19-3. Any additional costs incurred shall be borne by the Pilot.
- 19-6 When possible the Company will establish a direct billing account to cover the medical examination fees.
- 19-7 Any information obtained by, or as a result of, a physical examination shall be strictly confidential between the aviation medical examiner and the Pilot and shall not be divulged to any other person without the written permission of the Pilot.

SECTION 20

GROUP INSURANCE AND PENSION BENEFITS

- 20-1 Each Pilot shall be covered by the Company's group benefits as provided to the Association during bargaining. These include and are not limited to sick leave, short and long term disability, provincial medical, group insurance, extended medical, dental and Company pension.
- 20-2 The benefit provided under the terms of the above plans, as well as premium share arrangements will not be amended without the consent of the Association. Insurance carriers may be changed provided the same or improved benefits are provided.
- 20-3 The Company pension plan shall be available to Pilots after the completion of one (1) year, defined as twelve (12) continuous months employment by the Company. After one (1) year, the Employee's contribution shall be three percent (3%) of earnings, matched by a three percent (3%) contribution by the Employer.
- After five (5) years of employment, the Employee's contribution shall be four percent (4%) of earnings matched by a four percent (4%) contribution by the Employer.
- After fifteen (15) years of employment, the Employee's contribution shall be five percent (5%) of earnings matched by a five percent (5%) contribution by the Employer.

SECTION 21

LEAVE OF ABSENCE AND SICK LEAVE

21-1 LEAVE OF ABSENCE

- .01 The Company may, at its discretion, grant Pilots a Leave of Absence without pay of up to six (6) months while retaining their seniority. Extensions may be granted, at the Company's discretion, but seniority will not be accrued.
- .02 Where the Leave of Absence applied for is for educational purposes the Company may, at its discretion, grant the Pilot a leave for up to twenty-four (24) months while retaining his seniority.
- .03 A Pilot is responsible to cancel his standing bid if he does not wish to be considered for positions while on Leave of Absence, but if he is a successful bidder he must return from his leave at the commencement of the training date or his employment may be terminated.
- .04 If a Pilot overstays his Leave of Absence his employment may be terminated.
- .05 Notwithstanding the above, in special circumstances a Pilot may be granted an extended Leave of Absence and retain his seniority upon mutual agreement between the Company and the Association.
- .06 Leaves of Absence may be initiated by:
 - a). a request of the Company for Pilots who may wish to volunteer to take a Leave of Absence in lieu of a Pilot layoff under the provisions of Section 12, or;
 - b). where a surplus of Pilots has been identified for a given position, the Company may make available Leaves of Absence for Pilots in said position.
 - c). a request of the Pilot for personal reasons.
- .07 A Pilot returning from Leave of Absence shall return to his previous position providing his seniority and minimum qualifications entitle him to hold the position. In the event they do not allow him to hold his previous position, he may displace a junior Pilot in accordance with Section 12 providing he has the necessary minimum qualifications for that position.
- .08 A Pilot on leave shall file his Canadian address with the Company and shall thereafter promptly advise the Company of any change in his Canadian address.

- .09 Pilots who serve on jury duty shall be granted a Leave of Absence and shall retain and accrue seniority for all purposes during such Leave of Absence.
- .10 Where a Pilot has completed three (3) consecutive months of continuous employment, the Pilot is entitled to bereavement leave where a member of a Pilot's immediate family dies. The Pilot is entitled to bereavement leave for three (3) days with pay on any of his normal working days that occur during the seven (7) days immediately after the day of death. Employees without the necessary continuous employment are entitled to leave without pay.
- .11 A Pilot on maternity, parental or child care leave is eligible to maintain group benefits on the existing cost share basis and shall maintain and accrue seniority for the period of the leave as per the provisions of the Canada Labour Code.
- .12 A Pilot who is on Leave of Absence is eligible to maintain all or any group benefits at his expense, subject to the terms of such benefit plans.

21-2 SICK LEAVE

- .01 Sick days will be applied as credit days and not against scheduled days off. One sick day equals one credit day as per Section 14-4.01.
- .02 Pilots shall accrue one (1) sick day credit for each two (2) full months of completed service for the first twelve (12) months of employment. Pilots shall accrue one (1) sick day credit for each one (1) month of completed service thereafter.

Effective the first day of the nineteenth (19th) month of employment and each year thereafter, the Pilot shall be entitled to twelve (12) paid sick days for the following twelve (12) month period.
- .03 A Pilot who is sick or injured shall retain and continue to accrue his seniority until he is able to return to duty but will not accrue sick day credits.
- .04 A doctor's note is required for any illness of more than two (2) days.

SECTION 22

VACATION AND STATUTORY HOLIDAYS

22-1 VACATION YEAR

- .01 The vacation year shall commence January first (1st) in any year and terminate on December thirty-first (31st) of the same year. Vacation entitlement accrued in the current vacation year will be taken in the subsequent calendar year, and cannot be carried forward into the next following year without Company approval.

22-2 VACATION ENTITLEMENTS

- .01 A Pilot's annual vacation shall be awarded in accordance with the following provisions:

<u>Length of Service with the Company</u>	<u>Vacation</u>
Less than 1 year	0 credit days
1 year up to 5 years	7 credit days
6 years up to 10 years	11 credit days
11 years up to 15 years	14 credit days
16 years and up (2002)	16 credit days
16 years and up (2003 - 2009)	18 credit days

- .02 In a Pilot's year of hire, he shall earn vacation entitlement for the subsequent year, prorated based on his date of hire.
- .03 In determining vacation entitlement, only full calendar years (January 1st - December 31st) will be considered.

22-3 BIDDING, POSTING AND AWARDS

- .01 Vacation availability will be determined by the Company based on operating requirements. The Company shall post at each base on or before the first (1st) of October, a roster of vacation periods anticipated to be available for the period January 1 to December 31 inclusive of the following year, which shall remain posted for thirty (30) calendar days. The vacation bid will be closed November first (1st). The Company shall post at each base, a vacation schedule by status

and equipment type, by November thirtieth (30th).

- .02 Pilots may bid by COMAT, electronically or by fax. Any Pilot who does not bid by the deadline shall be considered as a non-bid Pilot and will have his vacation assigned by the Company.
- .03 Vacation allotments shall be filled in accordance with seniority.

22-4 CHANGES TO VACATION

- .01 The Company will make every reasonable effort to avoid changing a Pilot's awarded vacation. The Pilot will confirm with the Company in advance of paying any money toward a vacation, in order to determine whether the Company will assure the vacation award. In such circumstances the Company will reimburse the Pilot for reasonable cancellation fees upon provision of receipts. The Pilot's re-awarded vacation will recognize the personal preferences of the Pilot, to the extent practicable. The Pilot will make every effort to avoid cancellation fees by means of cancellation insurance, timely cancellation, etc.
- .02 Once the vacation awards are published, a Pilot who is being re-awarded vacation cannot displace another Pilot from his vacation.
- .03 Pilots may submit a vacation re-assignment preference bid at any time following the initial vacation award. In the event that additional vacation periods become available the following process will be used:
 - (i) first, to Pilots who have lost awarded vacation assignments, in order of seniority;
 - (ii) next, to Pilots who have submitted a vacation re-assignment preference bid, in order of seniority.

22-5 STATUTORY HOLIDAYS

- .01 The following days are recognized by the Company as Statutory Holidays:
New Year's Day, Good Friday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day, and Boxing Day.

- .02 Statutory holidays will reduce the quarterly averaging total by one half (0.5) or one (1) Credit Day for each statutory holiday as they fall in the quarter in the table below. Newly employed or terminating Pilots shall have their quarterly averaging total reduced as above on a prorated basis.

	Nov. 01 2002	Nov. 01 2003	Nov. 01 2004 – Oct. 31 2009
Full Credit Statutory Holidays	Good Friday, Civic Holiday, Remembrance Day, Christmas Day	Good Friday, Victoria Day, Civic Holiday, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day, Boxing Day	Good Friday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day, Boxing Day, New Year's Day
Half Credit Statutory Holidays	New Year's Day, Victoria Day, Canada Day, Labour Day, Thanksgiving Day, Boxing Day	New Year's Day, Canada Day	N/A

- .03 Pilots are not entitled to be paid for a statutory holiday that occurs during the first thirty (30) calendar days of employment.
- 22-6 In the case of termination, any outstanding vacation time will be paid out as vacation pay.

SECTION 23

MISSING/HIJACKING/INTERNMENT/HOSTAGE OR PRISONER OF WAR

23-1

.01 No Pilot will be forced by the Company to operate into any area excluded from coverage under the Company's War Risk Insurance Policy.

.02 Any Pilot who, while engaged in the course of domestic operations for the Company, is reported interned, captured, or held as a prisoner or hostage or is missing under circumstances which would indicate being interned, captured or held prisoner or hostage by a foreign government, shall be allowed compensation of one hundred percent (100%) of his normal monthly salary applicable at the time he became missing or was captured, or held prisoner or hostage.

The compensation allowable under this Section shall be terminated at the expiry of one (1) year, or at the date that death is established, whichever occurs first.

.03 Any Pilot who, while engaged in the course of international operations for the Company, is reported interned, captured, or held as a prisoner or hostage or is missing under circumstances which would indicate being interned, captured or held prisoner or hostage by a foreign government, shall be allowed compensation of one hundred percent (100%) of his normal monthly salary applicable at the time he became missing or was captured, or held prisoner or hostage.

When a Pilot is missing and his whereabouts remain unknown, the compensation is allowable under this Section but shall be terminated at the expiry of one (1) year, or at the date that death is established, whichever occurs first.

.04 It is understood between the parties that the payments contemplated in Section 23 will not be available to a Pilot held prisoner, interned, or missing as a result of a criminal act, on the part of that Pilot.

.05 As an alternative to paying wages as provided for in 23-1.02 and .03 above, the Company may pay the difference between the amount of such salary and the amount of any compensation provided by other parties as a result of a law with respect to persons interned, captured, held as prisoners or hostage of war or missing as a result of an act of war.

.06 Benefit Assignments: The monthly wages allowable under 23-1.02 and .03 above shall be credited to the Pilot and shall be disbursed by the Company in accordance with written directions from him. The Company shall request from each Pilot hereafter employed to execute and deliver to the Company, prior to such employment, a written direction in the form hereinafter set forth. The Company shall, as soon as practicable, request all Pilots now employed to execute and deliver to the Company such a written direction. The direction referred to shall be in substantially the following form:

DATE: _____

You are hereby directed to pay all monthly compensation allowable to me, while missing, under the terms of "MISSING, HIJACKING, INTERNMENT, HOSTAGE OR PRISONER OF WAR" Sections of the Collective Agreement or any subsequent specific agreement between Kelowna Flightcraft Air Charter Ltd. and the Air Line Pilots Association, International as follows:

TO: _____

(NAME)

(ADDRESS)

as long as living.

The balance, if any, and any amounts accruing after death of all persons in the above designation shall be held for me or, in the event of my death before receipt thereof, shall be paid to the legal representative of my estate.

The following direction may be modified from time to time by letter signed by the undersigned and any modification shall become effective upon receipt of such letter.

Payments made by the Company pursuant to this direction shall fully release the Company from the obligation of making any further payment with respect thereto.

(PILOT'S SIGNATURE)

.07 Any payments due to the Pilot under this Section, which are not covered by a

written direction as above requested, shall be held by the Company for any such Pilot in an interest bearing account in the Pilot's name. In the event of reasonable presumption of a Pilot's death, all moneys shall be paid to the legal representative of his estate.

- .08 Any amounts credited to the account of a Pilot or paid to his beneficiary in accordance with the provisions of this Section shall not be required to be returned by such beneficiary or the estate of the Pilot even though it is established that such payments were made after the death of the Pilot, nor shall such amounts be a charge against the estate of the Pilot, provided that any such beneficiary shall have furnished the Company with any evidence indicating the death of the Pilot promptly after its receipt.
- .09 Pilots shall maintain and continue to accrue seniority for pay purposes during the period in which they are missing, interned, a hostage or prisoner of war, and on returning after such period shall be governed as if he had been on a leave of absence under the provisions of Section 21.

SECTION 24
TRAVEL AND MOVING EXPENSES

24-1 ELIGIBILITY

- .01 A Pilot who is required to move in accordance with Section 12, will be eligible for the provisions of this Section.
- .02 A Pilot who is required to move due to reassignment in accordance with Section 11-4.01 (a) will be eligible for the provisions of this Section, in respect of upgrades only.
- .03 A Pilot is only eligible for the provisions of this Section in respect of moves undertaken within ninety (90) days of the completion of line indoctrination.

24-2 EXPENSES

- .01 The actual cost of moving household and personal goods to the new location from the Pilot's primary residence including packing and unpacking, real estate and legal fees, lease termination fees, and disconnecting and reconnecting of appliances will be paid by the Company, to a maximum of the amounts in the table below upon presentation of appropriate receipts. In the case of a Pilot on layoff the move shall be from point of layoff to the new location.

Effective November 01, in each of the following years:

2002	2003	2004	2005	2006	2007	2008
\$3900.00	\$3900.00	\$3900.00	\$4200.00	\$4500.00	\$4750.00	\$5000.00

- .02 If housing is not immediately available, accommodation and meal costs for the Pilot and family will be paid by the Company, based on existing per diems, for up to thirty (30) days. Dependent children under the age of twelve (12) would receive fifty percent (50%) of the per diem. The meal per diem would not apply in cases where the Pilot was already receiving it for a work related reason.

SECTION 25
INVESTIGATIONS

25-1 INCIDENTS OR ACCIDENTS

- .01 Where a Pilot is involved in an accident or incident related to the operation of an aircraft while on duty, he may be held out of service, with or without pay, pending the outcome of any investigations into the accident or incident undertaken by the Company, Transport Canada, or the appropriate accident investigation body.
- .02 While pursuant to 25-1.01 above, a Pilot is held out of service pending the outcome of an investigation by the Company, he shall be paid in accordance with his regular scheduled duty.
- .03 In order to hold a Pilot out of service pursuant to 25-1.01, the Pilot must be so notified by the Chief Pilot or Director of Flight Operations. In addition, within seven (7) calendar days or following the conclusion of the Company investigation, whichever is later, notification must be provided to the Pilot in writing along with the reasons therefore, with a copy to the Association.
- .04 Notwithstanding 25-1.02, if the Company investigation results in a decision under Section 26, such decision may be retroactive to the date of the accident or the incident.
- .05 If a Pilot's license is suspended for breach of any air regulation the Company shall not be liable to pay the Pilot under any circumstances during the period of such suspension.
- .06 In cases involving aircraft accidents, Pilot(s) will not be required to commit themselves orally or in writing to officials of the Company for a period of twenty-four (24) hours following the accident unless they have been afforded the opportunity to contact the Association or IFALPA, if outside Canada.
- .07 In cases involving aircraft incidents, Pilots who are held out of service under the terms of 25-1.01 above will not be required to commit himself orally or in writing to officials of the Company for a period of twenty-four (24) hours following the incident unless he has been afforded the opportunity to contact the Association, or IFALPA, if outside Canada.
- .08 Where the investigation is undertaken by the Company, the Officers involved shall make every attempt to issue a final report within three (3) months.
- .09 Both the Pilots involved and the Association will be given the opportunity to

provide input into the Company's investigation and will be provided with a copy of any interim or final reports resulting there-from.

- .10 Throughout the procedure, the Pilot involved and/or his designated representative(s) may, upon request of the Pilot, and in conjunction with a designated representative of the Company, review any information contained in his files.
- .11 Where disciplinary or discharge action is taken following the issuance of an accident or incident investigation report satisfactory to the Company the time limit provisions of Section 27-1 shall be applied from the date of issue of such report.
- .12 Aircraft flight data recorders and cockpit voice recorders will not be used as a means of monitoring or checking a Pilot during the operation of any normal flight. During any accident investigation the contents of the flight recorder will not be released by the Company to either the general public nor the news media without the prior approval of the Pilot or Pilots involved and/or the Association.
- .13 It is always understood that all provisions hereof must comply with the Transportation Safety Board in force from time to time, and those regulations shall take precedence.

SECTION 26
DISCIPLINE AND DISCHARGE

26-1

- .01 The Company may discipline or discharge a Pilot for just cause.
- .02 The Company may discipline or discharge a Pilot for a violation of the Company Operations Manual, or of the Canadian Aviation Regulations (CARs).
- .03 During any investigation or meetings, the Pilot(s) involved may request the presence of an Association Representative.
- .04 At any investigation(s) or meeting(s), all witnesses considered necessary by the Company, shall be given time off, and shall be given transportation, at the Company's expense. Where the Pilot involved, requests the presence of an Association Representative, such representative shall be given time off.
- .05 Where disciplinary or discharge action is contemplated, the Pilot involved may, where necessary, be held out of service pending investigation for a maximum of seven (7) days to provide the Company with sufficient time to investigate and consider all factors. The Company's request for an extension of the seven (7) day limit will not be unreasonably withheld. If disciplinary action is taken the Pilot will be notified in writing with a copy to the Association, stating the charge(s) and the nature of the action taken. If a Pilot has been held out of service without pay for a longer period than the penalty or discipline assessed he shall only have his pay adjusted for such penalty or discipline.
- .06 During the period referred to in 26-1.05, the Pilot shall remain eligible for a vacancy for which he has filed a standing bid, but the vacancy need not be assigned during this period.
- .07 A Pilot who has been disciplined or discharged may file a grievance in accordance with the provisions of Section 27.

SECTION 27

GRIEVANCES

27-1 INITIATION

- .01 Prior to filing a grievance, the Pilot(s) having a complaint shall, together with an Association representative if desired, discuss such complaint with the Chief Pilot or his designate, who will make every effort to resolve the complaint. But in every case the matter must be brought up with the Chief Pilot or his designate no later than thirty (30) days from the occurrence of the matter or the Pilot's awareness of the occurrence.
- .02 A Pilot who has a grievance, or group of Pilots having the same grievance dealing with the same issue, with respect to the interpretation, application or alleged violation of this Agreement shall deal with such grievance in accordance with the procedures as specified in 27-2 through 27-5 below. All grievances must be signed by the grievor(s).
- .03 Grievances may be initiated by the Association on behalf of its Pilots or on its own behalf.
- .04 All grievances must be presented and responded to within the time limits provided within this agreement unless waived by mutual agreement in writing.
- .05 Grievances may be initiated by the Company and shall be presented in writing to the Association, discussed with the Association, after which such grievance may be referred by the Company to arbitration to commence at Section 28-2.

27-2 GRIEVANCE PROCEDURE

The following steps may be waived or combined subject to mutual agreement between the Company and the Association.

- .01 **Step One:** A Pilot who has a grievance or group of Pilots having the same grievance dealing with the same issue, or the Association in the case of an Association grievance on behalf of its Pilots or on its own behalf, shall present it in writing within ten (10) calendar days of receipt of the Company's decision under Section 26-1.05 or 27-1.01 whichever is earlier, to the Director of Flight Operations or designate. The Director of Flight Operations or designate shall hold a meeting upon the grievance at a mutually convenient time within fourteen (14) calendar days of the presentation of the grievance, and render his decision in writing not later than the tenth (10th) calendar day following the above mentioned meeting.

- .02 Step Two: If the decision of the Director of Flight Operations or his designate is not acceptable to the grievor(s) or is not rendered, then the grievance shall be submitted in writing to the President or his designate within ten (10) calendar days. The President or his designate shall hold a meeting upon the grievance at a mutually convenient time within fourteen (14) calendar days of the receipt of the grievance, and render his decision in writing not later than the tenth (10th) calendar day following the meeting.
- .03 If the Company does not comply with the time limits set out in .02 above then the Association may proceed to arbitration.

27-3 GRIEVORS RIGHTS/REPRESENTATIVES

- .01 At any meeting held throughout these grievance procedures, the grievor(s) shall have the right to be represented by the Association at their request.
- .02 The grievor(s) and the Company shall be given every reasonable opportunity to present evidence, either documentary or oral and make representations.
- .03 Throughout these Grievance Procedures the grievor(s) may, together with their Association representative(s) review any information contained in his (their) personnel file(s) or any document which the Company may introduce at any step of the Grievance Procedure.
- .04 Throughout these Grievance Procedures the Company may review any documents which the grievor(s) or Association may introduce at any step of the grievance procedure.
- .05 On request, either party shall provide the other with a copy of any document which either party may introduce at any step of the Grievance Procedure.

27-4 WITNESSES

- .01 At any meeting(s) held throughout the Grievance Procedure, all necessary witnesses and representatives who are employees of the Company shall be given time off.

27-5 RESULTS

- .01 If, as a result of any meeting or grievance as provided herein, the decision is to exonerate the Pilot(s), the personnel record(s) of the Pilot(s) shall be cleared of the charges and all reference thereto shall be removed from all files.

27-6 REFERRAL TO ARBITRATION

- .01 If any grievance is not settled in accordance with the procedures as set forth above, then

such grievance may be referred to Arbitration as provided in Section 28.

SECTION 28

ARBITRATION

28-1 REFERRAL TO ARBITRATION

- .01 The Notice of Intention to proceed to arbitration shall be made in writing by the Association to the President or his designate within thirty (30) calendar days of the decision at Step 2 of the Grievance Procedure, or as the case may be, within thirty (30) calendar days from the date such decision should have been rendered.

28-2 BOARD ESTABLISHMENT

- .01 A Board of Arbitration shall be established when required and shall consist of one (1) member appointed by the Association, one (1) member appointed by the Company, and one (1) Chair appointed by agreement between the appointees of the Association and the Company, or failing such agreement by the Minister of Labour at the request of either appointee.
- .02 The Company and the Association may, by mutual consent, submit any matter to a single arbitrator for determination in accordance with provisions of this Arbitration Section.
- .03 If a member of the Arbitration Board resigns, dies or otherwise is unable to remain a member of the panel, the party who appointed him or, in the case of the Chair, the other two appointees shall replace him as soon as possible in the same manner as set out herein above.
- .04 Each party must appoint its member to the Board within fifteen (15) calendar days of the receipt of a written submission to arbitration pursuant to Section 27-6.
- .05 The Arbitration Board once established, shall make every effort to expedite the Arbitration proceedings.
- .06 All Arbitration Board Hearings shall take place in Kelowna, British Columbia, unless mutually agreed to the contrary.

28-3 BOARD JURISDICTION

- .01 The board shall have jurisdiction to consider any grievance properly submitted to it under the terms of this Agreement (including whether a matter is arbitratable or not). The Board shall have no jurisdiction to alter, modify, amend or make any decision inconsistent with the terms of this Agreement.
- .02 The board shall establish its own procedures having due regard to the requirements of natural justice and equity.

- .03 With respect to any grievance proceeding to arbitration, upon request from the other party, the party advancing the grievance shall provide the other with written particulars of the nature of the grievance and the position it will be taking with respect to that grievance. These written particulars shall be sufficient in detail so that the other party can adequately prepare for the hearing. If such written particulars are not delivered within seven (7) calendar days before the arbitration hearing, the hearing shall be adjourned generally by the Board pending the delivery of the written particulars.
- .04 The Arbitration Board may extend the time limits for the taking of any step in the Grievance or Arbitration procedures, notwithstanding the expiration of such time limits, where the Arbitration Board is satisfied that there are reasonable grounds for the extension, and no detriment.
- .05 The Board shall, in the case of disciplinary or discharge grievances, have the authority to determine whether the disciplinary or discharge action taken by the Company was for just and proper cause. The Board may render such orders as it considers just and reasonable, including, but without limiting the generality of the foregoing, the exoneration and reinstatement of the grievor, the reduction or modification of the discharge or discipline, and the compensation of the grievor.
- .06 The Arbitration Board shall have the jurisdiction, at any time before rendering a final decision, to make any interim decision which it considers just and reasonable. Without limiting the generality of the foregoing, it shall have the jurisdiction to make decisions regarding the rights of the parties, the interpretation of the Agreement or the reinstatement of an employee and to reserve its jurisdiction on questions of quantum.

28-4 BOARD EXPENSES

- .01 The fees and expenses of the Board Chair or the single arbitrator, shall be borne by the party who is unsuccessful in the hearing, in such proportion as determined by the Arbitrator in the award. Each party shall assume the fees and expenses of its own appointee.

28-5 ASSOCIATION RIGHTS/REPRESENTATIVE

- .01 At any hearing held throughout these Arbitration procedures the Association and the Company shall have the right to be represented by any person(s) whom they may choose or designate.

28-6 WITNESSES

- .01 At any hearing held throughout the Arbitration procedures, all necessary witnesses and representatives who are employees of the Company shall be given time off. Where the Company and the Association cannot agree on whether an employee is a necessary witness or representative, that issue shall be decided by the Board Chair in advance of the Arbitration Hearing. Each side will pay the cost of transporting its own witnesses and representatives, understanding that they may utilize any free or reduced rate travel available to such witnesses and representatives.

28-7 BOARD DECISION

- .01 The Board shall make every effort to render a decision with the minimum of delay, but in no case more than thirty (30) calendar days from the date of the final hearing.
- .02 It is understood and agreed that each and every Board member shall be free to discharge his duty in an independent manner, without fear that his individual relations with the Company, the Association or with the employees may be affected in any manner by an action taken by him in good faith in his capacity as a Board member.
- .03 A majority decision shall constitute the decision of the Board but, failing such majority, the decision of the Chair shall govern. A decision of the board shall be final and binding on the Association, the grievor, and the Company.

SECTION 29

GENERAL

- 29-1 The Company will make every effort to provide each Pilot with a copy of this Agreement within sixty (60) calendar days of ratification of this Agreement. The Company and the Association agree to equally share the cost of printing of the Agreement.
- 29-2 A Pilot's Technical or Personnel files may be reviewed by the Pilot or his representative at the written request of the Pilot at any reasonable time in the presence of an official of the Company.
- 29-3 Disciplinary documents not related to technical competency will be removed from a Pilot's file(s) at his request, after three (3) years without further incident and will be deemed inadmissible as evidence in any disciplinary proceedings.
- 29-4 All advice to Pilots involving a change in permanent position, layoff, recall from layoff, and leaves of absence shall be confirmed in writing with copies to the Association.
- 29-5 Company employees traveling on Association business may utilize any free or reduced rate travel available to them.
- 29-6 No Pilot will be required to pay for physical damages to Company equipment or property that may be incurred arising from his duties with the Company, unless negligence or malice can be shown.
- 29-7 Where the Company requires the Pilot to deadhead, the Company will arrange transportation to get the Pilot to the destination as scheduled.
- 29-8 The Company agrees to defend all Pilots and their estates in any legal actions arising out of the performance of their duties and to protect them and save them harmless from any judgment there under, unless negligence or malice can be shown.
- 29-9 Pilots shall make every reasonable effort to give the Company at least twenty-one (21) days notice of intent to resign.
- 29-10 The normal retirement age for Pilots will be age sixty (60). However a Pilot shall have the right, upon six (6) months notice to request deferral of retirement until age sixty-five (65), provided he can meet all Pilot Proficiency requirements.

SECTION 30
ASSOCIATION BUSINESS

30-1 ASSOCIATION BUSINESS

- .01 The Company shall when requested, authorize a flight release of MEC delegates in order that they may attend to Association business subject to operational requirements.
- .02 It is hereby agreed between the Company and the Association that all requests for flight release be made in writing by the MEC Chairman and submitted to the Director of Flight Operations or Chief Pilot for authorization.
- .03 The Association may post notices upon Company designated bulletin boards wherever Association members are based. Such notices will contain Association related matters. The Association understands the requirements to conduct its affairs in a professional and business-like manner.
- . The Association may distribute Association mail to Pilots via Company mail and through the use of Pilots' mail slots provided at Company bases.

SECTION 31

NO CESSATION OF WORK

- 31-1 The Association will not cause or permit it's Pilots to strike, nor will any Pilot take part in a strike or any kind of interference with or stoppage, partial or total, of any of the Company's operations during the duration of this Agreement.
- 31-2 The Company shall not lock out any Pilot bound by this Agreement during the duration of this Agreement.

SECTION 32

DURATION

32-1 This Agreement shall be effective as described in the Memorandum of Agreement dated November 01, 2002, and shall continue in full force and effect until its expiry date on October 31, 2009.

In witness thereof, the parties have signed this Agreement this _____ day of _____, 2002.

SIGNATURE

For Kelowna Flightcraft Air Charter Ltd.

For The Air Line Pilots Association, International

Barry Lapointe
President

Duane Woerth
President

Harold Kamikawaji
Director, Human Resources

Steve Baron
MEC Chairman, Kelowna Flightcraft

Greg Carter
Director, Flight Operations

Dean Newhouse
Negotiating Committee Chairman

Mike Coulthard
Chief Pilot

Alan Kay
Negotiating Committee Vice-Chairman

Kent Wickens
Negotiating Committee

Brian Jones
Negotiating Committee

Carmine Maruska
Negotiating Committee

Tim Wynn-Williams
Negotiating Committee

Albert Leger
Contract Administrator

SECTION 33

LETTERS OF UNDERSTANDING

LETTER OF UNDERSTANDING No. 01

NEW BUSINESS - FLYING OF COMPANY AIRCRAFT

Notwithstanding the provisions of Section 4, it is understood between the parties that the following process will apply in situations when the Company is seeking additional flying business (work of a different kind than that which is normally performed by the Company, and/or which is temporary in nature).

1. Both parties recognize that it may be in their mutual interest to consider temporary amendments or waivers of the collective agreement to adapt to the requirements of performing additional flying business. Such amendments shall not be unreasonably withheld.
2. In order to meet customer requirements the Parties recognize the need for decisions to be made in a timely manner by both parties.
3. The Parties agree that two representatives from each party with the authority to bind their principals shall meet to discuss any additional flying business. The employer shall provide the Union with notice of its intention to perform additional flying business in advance of the meeting. Such notice shall include a written statement of the nature and the scope of the flying and its intended duration. The union shall keep such information as it may receive during the course of this process confidential.
4. Any agreement reached by the parties shall be reduced to writing and shall be signed by representatives of the Union and the Employer. Any agreement that does not conform to such requirements shall be conclusively deemed to be of no force or effect.
5. Any agreement reached per the provisions of LOU No. 01 shall be specified in a Letter of Understanding, and shall specify the duration of such LOU. For clarity, the start and end date (duration) of each LOU shall be clearly stated.
6. Any amendments to or waivers of the collective agreement arising from this process shall not be considered the basis for a waiver, estoppel, laches, acquiescence or other similar claim by the employer for any period beyond the duration specified in each (LOU).

In witness thereof, the parties have signed this Agreement this _____ day of _____, 2002.

SIGNATURE

For Kelowna Flightcraft Air Charter Ltd.

For The Air Line Pilots Association, International

Barry Lapointe
President

Duane Woerth
President

Harold Kamikawaji
Director, Human Resources

Steve Baron
MEC Chairman, Kelowna Flightcraft

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Brian Jones
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Negotiating Committee

Tim Wynn-Williams
Negotiating Committee

Albert Leger
Contract Administrator