



AIR CANADA



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COLLECTIVE AGREEMENT

BETWEEN

AIR CANADA

AND

THE AIR CANADA PILOTS ASSOCIATION

132 30 (03)

Effective April 2, 2000 – July 1, 2009

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PREAMBLE

This Agreement is made and entered into by and between Air Canada, hereinafter known as the "Company" and the Airline Pilots in the service of Air Canada, as represented by the Air Canada Pilots Association, hereinafter known as the Association.

In making this Agreement, the parties hereto recognize that compliance with the terms of the Agreement and the development of a spirit of cooperation are essential for mutual benefit and in the public interest and for the intent and purpose of this Agreement.

It is hereby mutually agreed:

ARTICLE I – RECOGNITION AND SCOPE

1.01 Definitions

The following definitions apply for the purpose of Article 1 :

- 1.01.01 **Air Canada (AC), Air Canada/Canadian Airlines International Ltd. (AC/CAIL) or the Company** means Air Canada mainline operations as it is currently constituted or as it may be constituted or replaced in the future.
- 1.01.02 **Active Aircraft** means an aircraft in regular service in the past ninety (90) days or an aircraft planned to be in regular service in the next ninety (90) days.
- 1.01.03 **Air Canada Regionals (ACR)** means the combined operations of Air BC, Air Ontario and Air Nova.
- 1.01.04 **Air Canada Pilot** means a pilot who holds a position on the Air Canada Pilots System Seniority List.
- 1.01.05 **Affiliate** means any entity incorporated in Canada or operating aircraft in Canada that controls the Company or that the Company controls, including CAIL, ACR and any Specialty Company (Specialty Co.). For greater clarity, should CRA be divested pursuant to the Competition Bureau process, CRA will be excluded from the definition of Affiliate.
- 1.01.06 **Aircraft categories:**
 - 1.01.06.01 **Jet Aircraft** means any aircraft utilizing a jet, turbojet, fan-jet, ductless fan or equivalent engine.
 - 1.01.06.02 **Propeller Aircraft** means any aircraft that uses propellers, however driven, to provide thrust. Propellers refer only to standard propellers as the term is commonly understood.
 - 1.01.06.03 **Small Propeller Aircraft (SP)** means a propeller aircraft with a maximum certified seating capacity of twenty-three (23) seats or less.
 - 1.01.06.04 **Medium Propeller Aircraft (MP)** means a propeller aircraft with a maximum certified seating capacity in excess of twenty-three (23) seats but not more than eighty (80) seats.
 - 1.01.06.05 **Small Jet Aircraft (SJ)** means a jet aircraft with a maximum certified seating capacity of fifty-five (55) seats or less.

- 1.01.06.06 **Medium Jet Aircraft (MJ)** means a jet aircraft with a maximum certified seating capacity in excess of fifty-five (55) seats but not more than ninety (90) seats.
- 1.01.06.07 **Narrow Body Jet Aircraft (NJ)** means a jet aircraft with a maximum certified seating capacity in excess of ninety (90) seats but not more than two hundred and twenty (220) seats. It is specifically agreed that the A321 is an **NJ**.
- 1.01.06.08 **Wide Body Jet Aircraft (WJ)** means a jet aircraft with a maximum certified seating capacity of more than two hundred and twenty (220) seats.
- 1.01.07 **ASM** means Available Seat Mile.
- 1.01.08 **CAIL** means Canadian Airlines International mainline operations.
- 1.01.09 **CRA** means Canadian Regional Airlines operations.
- 1.01.10 **Code Share** means an agreement by which Air Canada agrees to place its designator code (AC) and/or purchases blocked space on the flights of another Air Carrier, on a single, dual or multiple designator basis and on one or more of its flights, and also includes revenue sharing agreements.
- 1.01.11 **Control** means that one entity will be considered to "control" another entity (Entity B), only if it, whether directly or indirectly:
- 1.01.11.01 owns securities that constitute, are exercisable for or convertible into more than (i) fifty percent (50%) of Entity B's outstanding common shares, or if shares in addition to common shares have voting power then (ii) fifty percent (50%) of the voting power of all outstanding securities of Entity B entitled to vote generally for the election of members of Entity B's Board of Directors or similar governing body; or
 - 1.01.11.02 maintains the power or right to manage or direct the management of all or substantially all of Entity B's air carrier operations; or
 - 1.01.11.03 has the power or right to designate or provide all or substantially all of Entity B's officers; or
 - 1.01.11.04 has the power or right to appoint or elect a majority of Entity B's Board of Directors, or other governing body having substantially the powers and duties of a board of directors; or
 - 1.01.11.05 has the power or right to appoint or elect a minority of Entity B's Board of Directors or similar governing body, but only if such minority has the power or right to appoint or remove Entity B's Chief Executive Officer, or President, or Chief Operating Officer, or the majority membership of the Executive Committee or similar committee on Entity B's Board of Directors, or the majority membership of at least one-half of Entity B's Board committees.
- 1.01.12 **Maximum Certified Seating Capacity** means the maximum seating capacity for which a hull size has been certified by any recognized aviation authority in the world. For greater certainty, aircraft in cargo or combination passenger/cargo configurations will assume an all passenger configuration to determine aircraft categories.
- 1.01.13 **Merger** means any action that either directly or indirectly results in:
- 1.01.13.01 the acquisition, or the right to acquire, by the Company or its Affiliates of more than thirty percent (30%) of the shares of another Canadian air carrier;
 - 1.01.13.02 the acquisition, or the right to acquire, by any entity or coalition of entities of more than thirty (30%) of the shares of the Company;

- 1.01.13.03 the merger or amalgamation of all or part of the Company with another Canadian air carrier;
- 1.01.13.04 any change of control of the Company; or
- 1.01.13.05 any change to the Company's corporate identity.
- 1.01.14 **Pilot Crew Interchange** means the use of pilots of Air Canada by another air carrier to fly an aircraft operated by the other air carrier; or the use of pilots of another air carrier by Air Canada to fly an aircraft operated by Air Canada.
- 1.01.15 **Specialty Co.** means any Affiliate of the Company dedicated to a narrower segment of the travel market, such as air cargo, leisure market, low cost carrier or charter operations.
- 1.01.16 **Wet Lease** means the lease, contracting in or subcontracting in of an aircraft with pilot crew.
- 1.01.17 **Tier 3 Carrier** means an air carrier that operates primarily SP aircraft.

1.02 Recognition

The Air Canada Pilots Association has furnished to the Company evidence that a majority of the Air Line pilots employed by the Company have designated the Association to represent them and in their behalf negotiate Agreements with the Company as to hours of service, wages, and other employment conditions covering all Air Canada pilots.

This Agreement contemplates that pilots shall devote their entire professional flying service to the Company.

1.03 General

1.03.01 Flying

All pilot positions and all flying performed by or on behalf of the Company or its Affiliates, with the exception of ACR, CRA and CAIL, shall be occupied and performed by Air Canada pilots in accordance with the terms and conditions of this agreement. Such Company flying shall include, without limitation, all revenue, non-revenue, scheduled, unscheduled, passenger, cargo, placement, ferry, charter, training, maintenance test flights and publicity flights.

1.03.02 The provisions of 1.03.01 do not apply to:

- 1.03.02.01 Training flights where the student pilot may be other than an Air Canada pilot but the Pilot-in-Command shall be an Air Canada pilot.
- 1.03.02.02 Delivery flights of Air Canada aircraft where one crew member may be a pilot representing the vendor, lessor, lessee or purchaser of the aircraft.
- 1.03.02.03 Maintenance Test flights where one or more crew members may be a pilot representing the manufacturer of the aircraft or systems being tested.
- 1.03.02.04 Flights such as Public Demonstration Flights (e.g. The Paris Airshow) where the local laws prohibit Air Canada Pilots from performing the flying.
- 1.03.02.05 Charity flights which are flown by Air Canada Pilots on a voluntary basis and are not subject to the terms and conditions of this agreement.

1.03.03 **Employment Security**

- 1.03.03.01 In order to provide employment security for the Air Canada Pilots, Air Canada agrees that no furlough of any pilots will result from the following events:
 - 1.03.03.01.01 Current or future code share agreements with other air carriers;
 - 1.03.03.01.02 Current or future commercial agreements with other air carriers;
 - 1.03.03.01.03 The transfer to ACR, CRA and/or CAIL (for as long as CAIL remains a separate entity) of any jet flying that, as of the date of ratification of this agreement, was Air Canada flying.

1.04 **Merger Obligations**

On each occasion that the Company and/or its Successors are involved in a merger:

- 1.04.01 This Agreement will remain in full force and effect and the recognition now in effect issued by the Canada Industrial Relations Board shall not be affected in any way except as otherwise governed or directed by the Board; and
- 1.04.02 The Company will enter into negotiations with the Association relative to protection of employees' seniority and other existing or new conditions of this Agreement. Failing settlement, provisions of the Canada Labour Code will apply.

1.05 **Change of Control**

The Association shall have the following additional rights in the event of a Change of Control of the Company:

- 1.05.01 No pilot who suffers a reduction in his or her position (equipment, status and base) as a result of a Change of Control shall suffer any **loss** of pay.
- 1.05.02 No pilot will be involuntary relocated from one base to another as a result of a Change of Control.
- 1.05.03 The Association has the right in its sole discretion, upon written notice to the Company within sixty (60) days from the date of a Change of Control and subject to the requirements under the Canada Labour Code, to extend the duration of this Agreement for a period of one, two, or three years at the Association's option, beyond its original expiration with across-the-board wage, expense, benefit and MPU increases equivalent to the consumer price index plus two percent (CPI + 2%) to be effective on the original expiration date and on each annual anniversary of the original expiration date thereafter.

For the purpose of Article 1.05, a Change of Control is deemed to have occurred only when:

- 1.05.03.01 through one or more transactions, (i) securities which constitute and/or are then-currently exchangeable into, exercisable for, or convertible into more than fifty percent (50%) of the common shares of the Company; or if shares in addition to common shares have voting power then (ii) fifty percent (50%) of the voting power of all outstanding securities of the Company entitled to vote generally for the election of members of the Company's Board of Directors or similar governing body; and/or (iii) more than fifty percent (50%) of the value of the assets of the Company, are acquired or held by a single purchaser (or a group of purchasers acting in concert); and
- 1.05.03.02 an amendment to the Air Canada Public Participation Act is adopted to increase the fifteen percent (15%) limit of shares that a person can hold, own or control to at least the equivalent set out in paragraph (a).

A Change of Control does not include the Air Canada acquisition of CAIL or any of its subsidiaries.

1.06 Divestiture Obligations

- 1.06.01 In the event of the divestiture of the fleet of Air Canada or of a Specialty Company or part thereof, the fleet and employment security guarantees will continue to apply to Air Canada.
- 1.06.02 In the event that Air Canada or a Specialty Company is forced by statutory requirement to sell, lease, transfer or otherwise divest itself of its fleet or part thereof, Air Canada and any affected Specialty Company shall not oppose any application by the Association to secure and/or protect bargaining rights and successor rights for any **pilots** affected by the sale, lease, transfer or divestiture.

1.07 Single Employer Obligations / Separate Entities

- 1.07.01 Air Canada will not initiate or support any common employer application before the Canada Industrial Relations Board with respect to ACR or CRA unless such application is supported by the Association.
- 1.07.02 Air Canada will not enter into any Pilot Crew Interchange Arrangement with ACR or CRA.

1.08 Code Sharing

1.08.01 General

- 1.08.01.01 Air Canada's corporate policy is to ensure that Code Sharing arrangements are entered into for the purpose of advancing the interest of Air Canada, including Air Canada Pilots. This policy further confirms Air Canada's intention of ensuring that Code Sharing arrangements, on balance, will benefit the Air Canada Pilots as well as Air Canada.
- 1.08.01.02 The Company and the Association agree to maintain a joint sub-committee for the purpose of addressing issues related to Code Sharing and non-Canadian feeder airlines. Within this sub-committee, it is agreed that all matters pertaining to code sharing arrangements entered into with Star Alliance partners will be considered.

1.08.02 Code Share on Routes within Canada

In addition to the provisions of Article 1.08.01, the following will apply in respect of Code Sharing on routes wholly within Canada:

- 1.08.02.01 Air Canada and its Affiliates shall not enter into any new Code Share arrangements with any Canadian air carrier unless mutually agreed with the Association.
- 1.08.02.02 Air Canada shall provide the Association with full particulars of presently existing Code Share arrangements within sixty (60) days of the ratification of this collective agreement.
- 1.08.02.03 Article 1.08.02.01 does not apply to Code Share arrangements with:
 - 1.08.02.03.01 Air NorTerra provided that these flights continue to be crewed by pilots on the CAIL seniority list or pilots included in the successor bargaining unit;
 - 1.08.02.03.02 any Tier 3 Carriers;
 - 1.08.02.03.03 any air carrier for the purpose of complying with a statutory requirement.
- 1.08.02.04
 - 1.08.02.04.01 The Company shall ensure that the Company and its Affiliates are limited to Code Share arrangements with Tier 3 Carriers on SP aircraft only.
 - 1.08.02.04.02 The Company shall further ensure that a minimum of one hundred (100) ASMs are flown at AC/CAIL for every two (2) ASMs of Code Share flying by Tier 3 Carriers.
- 1.08.02.05 Air Canada will not enter into Code Share arrangements on flights of an air carrier that are considered cabotage flight operations in Canada unless mutually agreed with the Association.

1.08.03 Transborder and International Code Sharing

In addition to the provisions of Article 1.08.01, Air Canada agrees to make all reasonable efforts to maintain its current percentage of transborder and international code share flying.

Note: Under the Clean Slate Agreement dated May 15, 2004, the parties agreed to the following process for handling grievances - **Scope – Transborder Code Share Percentage (25-Apr-02)** and **Scope – International Code Share Percentage (27-Sept-02)** as follows:

- [a] The parties agree to engage in a process to determine the percentage of transborder and international code share flying, as of September 28, 2000 and as currently existing as of May 15, 2004 (“the current practice”). If the parties cannot agree on these benchmarks by May 15, 2005, this determination of the benchmarks shall be referred to binding arbitration under the collective agreement.*
- [b] Air Canada agrees that it will comply with the provisions of Article 1.08.03 to make all reasonable efforts to maintain the September 28, 2000 percentage of transborder and international code share flying by no later than January 1, 2007.*

- i. *Any damages suffered as a result of a breach of paragraph b) above for the period from January 1, 2007 to July 1, 2009, determined by way of agreement of the parties or by arbitration pursuant to the collective agreement, will be subject to the "Materiality Threshold as set out in the Clean Slate Certificate, i.e. the net cost to Air Canada of implementing any award shall be no greater than the unused portion of the Materiality Threshold which amount shall include the cumulative amount of the Materiality Threshold which has not been used prior to such time.*
 - ii. *No monetary damages can be sought by ACPA or ordered by an arbitrator for any period prior to January 1, 2007 for a breach of paragraph b) above.*
- (c) *Air Canada agrees that any material change to the current practice between May 15, 2004 and January 1, 2007, to the detriment of ACPA members, will be considered a material alteration within the meaning of the Clean Slate Certificate. Should ACPA file a grievance on the basis of such material alteration, the issue before the arbitrator will be whether Air Canada has "made all reasonable efforts to maintain its May 15, 2004 benchmark for transborder and international code share flying".*
- (d) *On the basis of this settlement, ACPA withdraws its grievances on a without precedent basis.*

1.09 Feeder Arrangements

1.09.01 It is Air Canada's intention to grow Air Canada at least equitably to the growth of ACR and/or CRA. Air Canada agrees that the Company may only enter into or continue with "feeder" arrangements with ACR and/or CRA as they are currently constituted or as they may be constituted in the future.

1.09.02 Regional Aircraft

1.09.02.01 ACR and/or CRA may operate the following numbers and types of aircraft for the purpose of providing feed to the Air Canada network:

1.09.02.01.01 A combined ACR/CRA maximum of thirty-nine (39) SJ active aircraft as a baseline, subject to the following exceptions:

1.09.02.01.01.01 ACR may continue to operate up to ten (10) BAE146-100/200 aircraft;

1.09.02.01.01.02 In the event CRA is not divested, CRA may continue to operate the F28 aircraft in accordance with the following schedule and numbers:

After ratification of this agreement	29
After December 31st, 2003	15
After December 31st, 2005	0

1.09.02.01.01.03 The aircraft flown in 1.09.02.01.01.01 and 1.09.02.01.01.02 shall be included for the purpose of the calculation of the thirty-nine (39) SJ aircraft maximum in Article 1.09.02.01.01.

1.09.02.01.01.04 The twenty-five (25) CL-65 aircraft currently operated at Air Canada may only be transferred to ACR/CRA, or otherwise removed from the AC/CAIL fleet, upon inclusion of one (1) NJ or one (1) WJ aircraft in the Air Canada fleet for each CL-65 aircraft being transferred.

- 1.09.02.01.02 Any SP or MP aircraft.
- 1.09.02.02 ACR/CRA may operate one (1) additional SJ aircraft for each one and one-half (1.5) WJ, three (3) NJ, or six (6) MJ aircraft, or any prorated combination (e.g. two (2) NJs + two (2) MJs) added to the AC/CAIL fleet in excess of two hundred and fourteen (214) active NJ and WJ aircraft provided that:
 - 1.09.02.02.01 on every occasion a CL-65 is transferred from the AC/CAIL fleet to the ACR/CRA fleet, or are otherwise removed from the AC/CAIL fleet, the two hundred and fourteen (214) number will increase by one (1) until it reaches two hundred and thirty-nine (239); and
 - 1.09.02.02.02 only WJ active aircraft in excess of seventy-one (71) are to be taken into account for the purposes of adding SJ to the ACR/CRA fleet; and
 - 1.09.02.02.03 All twenty-five (25) CL-65 aircraft have been transferred to ACR/CRA before adding SJ aircraft to ACR/CRA in excess of thirty-nine (39).
- 1.09.02.03 In the event that active aircraft is/are removed from the AC/CAIL fleet, SJ active aircraft will also be removed from the ACR/CRA fleet using the same ratios.

If the reduction in active aircraft at AC/CAIL is due to circumstances beyond Air Canada's control that are not recurring and are temporary in nature (i.e. less than six (6) months), the number of SJ aircraft at ACR/CRA need not be reduced. Should the circumstances not be resolved after six (6) months the number of SJ active aircraft at ACR/CRA must be reduced by the appropriate amount.
- 1.09.02.04 Should CRA be sold as a result of the mandatory sale process, the baseline established in Article 1.09.02.01.01 will remain unchanged in order to protect feed to the AC network.
- 1.09.02.05 Air Canada shall ensure that ACR/CRA do not operate any international flying or transborder flying other than flights between Canada and the United States of America (excluding Alaska and Hawaii).
- 1.09.02.06 Air Canada shall ensure that ACR/CRA do not wet lease any aircraft other than SP, MP, or SJ aircraft. Any aircraft wet leased by ACR/CRA shall be considered to be operated by ACR/CRA for the purposes of any aircraft and ASM limitations.
- 1.09.02.07 Air Canada shall ensure that a minimum of one hundred (100) ASMs are flown at AC/CAIL for every twelve (12) ASMs flown by ACR/CRA. This limit will remain in effect if CRA is divested.

1.10 Specialty Companies

- 1.10.01 The Company shall ensure that the Company and its Affiliates do not create or otherwise form any Specialty Company without the express written consent of the Association.
- 1.10.02 Notwithstanding Article 1.10.01, the Company may create the Specialty Company Air Canada Cargo (as contemplated by Air Canada's restructuring plan) and will ensure that Air Canada Cargo is subject to the following provisions:

- 1.10.02.01 Pilots on the Air Canada Pilot System Seniority List shall do all flying performed by or on behalf of Air Canada Cargo. Subject to Article 1.10.02.02, Air Canada pilots performing flying by or on behalf of Air Canada Cargo shall be covered by all provisions of this collective agreement.
- 1.10.02.02 Pilots flying aircraft in an all-cargo configuration shall receive 90% of the pay rates for the applicable aircraft.
- 1.10.02.03 Air Canada Cargo may only operate aircraft in an all-cargo configuration.
- 1.10.02.04 Air Canada Cargo may wet lease cargo aircraft flown by Air Canada Pilots on a cost plus basis.
- 1.10.02.05 Notwithstanding Articles 1.10.02.01 to 1.10.02.04 and Article 1.11, Air Canada Cargo may wet lease flight time on aircraft in an all-cargo configuration that are not operated by Air Canada pilots for a period of three years from the commencement of the applicable operation without attracting wet lease payments up to the following yearly limits:
 - 1.10.02.05.01 up to 6,000 flight hours on any category of aircraft; and,
 - 1.10.02.05.02 up to 3,500 flight hours on any NJ aircraft.

The purpose of wet leasing flight time during this period is to evaluate the viability of establishing a permanent cargo aircraft operation. Every reasonable effort will be made to repatriate this cargo flying as soon as possible to the Air Canada Pilots and the parties will meet to discuss issues regarding crewing and working conditions.

- 1.10.02.06 After June 30th, 2007, the provisions of Article 1.10.02.05 will cease to apply and Air Canada Cargo flying will be performed in accordance with Article 1.10.02.01 to 1.10.02.04.
- 1.10.02.07 In order to facilitate the start-up of the cargo operation, all provisions of this section apply immediately to Air Canada and its current Air Canada Cargo division and will be transferred to the Specialty Company - Air Canada Cargo at the time it is established.

1.11 Wet Leasing

- 1.11.01 Wet leasing will be utilized by the Company and/or Specialty Company only in cases of a need for service to the public of a temporary nature and where the Company and/or a Specialty Company is unable to provide that service with its own aircraft and/or crews.
- 1.11.02 In the event that wet leasing becomes necessary in accordance with paragraph .01 above, the Company and/or the Specialty Company will notify the Association prior to making such arrangements and after consultation, the Association and the Company will mutually determine the method of distribution of compensation for the wet lease in accordance with one of the following.
 - 1.11.02.01 The appropriate amount of wet lease credits will be placed in open time for awarding to pilots using the open time awarding procedure; or
 - 1.11.02.02 The appropriate amount of wet lease credits will be placed in each pilots bank, or in the case of pilots with no bank action, cash cleared; or

- 1.11.02.03 Any other method mutually agreed to by the Company or Specialty Company and the Association.
- 1.11.02.04 In the event no agreement is reached, compensation for the wet lease shall be distributed in accordance with 1.11.02.02 above.
- 1.11.03 In the event that a rate of pay for the wet lease equipment is not covered by this Agreement, the Company or Specialty Company will consult with the Association to determine an applicable rate of pay, otherwise Article 13, New Equipment, will apply.

1.12 ASM Ratios

For the purpose of calculating ASM ratios, the following will apply:

- 1.12.01 Air Canada/CAIL ASM's will exclude ASM's attributed to Affiliates or Specialty Companies.
- 1.12.02 In the event of a merger:
 - 1.12.02.01 Air Canada/CAIL mainline ASM's will be consolidated with the mainline ASM's of the New Carrier:
 - 1.12.02.02 ACR/CRA ASM's will be consolidated with the New Carrier's Regional Airline ASM's;
 - 1.12.02.03 Air Canada/CAIL Tier 3 ASM's will be consolidated with the New Carrier's Tier 3 operations ASM's;
 - 1.12.02.04 The new AC/CAIL Carrier will ensure that the same minimum ASM ratio outlined in Article 1.09.02.07 will be maintained with the new ACR/CRA Regional Carrier ASM's;
 - 1.12.02.05 The new AC/CAIL Carrier will ensure that the same minimum ASM ratio outlined in Article 1.08.02.04.02 will be maintained with the new AC/CAIL Tier 3 operations.

1.13 Franchise Arrangements

The Company will not enter into franchise arrangements with another air carrier on flights originating from Canada or with a final destination in Canada without the consent of ACPA.

1.14 Pilot Crew Interchange

The Company will not enter into any Pilot Crew Interchange Arrangement without the consent of ACPA.

1.15 Realignment of Routes and Aircraft Purchase

Within fifteen (15) days of the decision by the Company or a Specialty Company to purchase, lease, park or sell aircraft or to realign routes presently operated by the Company or the Specialty Company, whether by the addition or deletion of certain routes or segments of routes, the Company will meet with the Association for the purpose of discussing any conditions relating to such realignment.

1.16 Notice and Information

1.16.01 Merger Information

- 1.16.01.01 Within ten (10) days of the Company's decision to effect or enter into a Merger, the Company will notify the Association of the same and will provide updates as significant information becomes available.
- 1.16.01.02 Any confidential information shared with the Association in relation to a Merger will be the subject of a proper confidentiality undertaking.

1.16.02 Code Share Information

- 1.16.02.01 It is understood that the Association requires information in order for it to track the overall effect these arrangements have on its members.

Furthermore, Air Canada recognizes the important role that Star Alliance Code Sharing has on the futures of Air Canada Pilots. Consequently, it is in both parties' mutual interest to exchange information and issues of mutual concern related to code sharing with the Star Alliance partners. Such information will be exchanged at the Code Share Committee Meetings outlined in Article 1.08.01.02. The parties will schedule meetings following the semi-annual STAR Alliance CEO meetings to address issues relevant to the Air Canada Pilots that emanate from such meetings. The Company will also continue to support proposals to have a representative of the Association's choice present at Star Alliance meetings.

- 1.16.02.02 As a result, the Company shall provide the Association with full written disclosure of the following information covering Code Sharing agreements:
 - 1.16.02.02.01 All present flights and frequencies.
 - 1.16.02.02.02 ASMs by flight segment.
 - 1.16.02.02.03 ATMs by flight segment.
 - 1.16.02.02.04 All flight segments where Code Sharing, or like arrangements, are in effect, showing the combined number of ASMs and RTMs which are available, broken down into frequencies operated by Air Canada and frequencies operated by the Code Sharing partner airline.
 - 1.16.02.02.05 Any other information that is requested by the Association and can be shown to be necessary to monitor the impact of these arrangements on Air Canada pilots.

The Company will provide the Association with updates of the above information on a quarterly basis by the 15th of February, May, August, and November of each year.

- 1.16.02.03 It is acknowledged that this commercial information is of a highly sensitive and competitive nature and accordingly, ACPA agrees that any such information will not be disclosed to any person other than the MEC or Code Share committee members.

1.17 Interpretation

The provisions of Article 1 apply at all times and in all cases unless otherwise mutually agreed between the parties and shall be interpreted in accordance with the following:

- 1.17.01 Nothing in the provisions of Article 1 shall be interpreted to cover transactions (including mergers, acquisitions, divestitures, change of ownership or control) that do not affect or are not likely to affect the Air Canada pilots.
- 1.17.02 Statutory requirements shall supersede any provisions contained in Article 1 that are contrary to such statutory requirements.

ARTICLE 2 - DEFINITIONS

As used in this Agreement, all masculine pronouns shall be read to include the feminine, the term:

- 2.01 "Pilot"** means Captain, Reserve Captain, First Officer, Reserve First Officer, Second Officer, and Reserve Second Officer, Relief Pilot and Reserve Relief Pilot as defined herein.
- 2.02 "Reserve Pilot"** means a Reserve Captain, Reserve First Officer, Reserve Second Officer or Reserve Relief Pilot who has been checked out and designated to serve as such by the Company in the applicable status, but who does not currently hold a block selection at the base.
- 2.03 "Captain"** means a pilot who is in command of the aircraft and its crew members while on flight duty, and who is responsible for the manipulation or who manipulates the flight controls of an aircraft while under way, including the take-off and landing of such aircraft and who is properly qualified and designated by the Company as a Captain and holds current effective Ministry of Transport and other governmental certificates authorizing him to serve as such pilot.
- 2.04 "First Officer"** means a pilot who is second in command of an aircraft and its crew members while on flight duty 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 Ministry of Transport and other governmental certificates authorizing him to serve as such First Officer.
- 2.05 "Second Officer"** means a pilot who is third in command of the aircraft and its crew members while on flight duty and whose duty is to assist the Captain and First Officer, and who is properly qualified, according to Company requirements, to serve as such, and who holds currently effective Ministry of Transport and other governmental certificates including a valid Commercial Pilot License authorizing him to act in this capacity.

It is agreed that the third crew member shall be a pilot who is on the Pilots' System Seniority List and who holds at least a Commercial license and held a valid instrument rating when initially assigned to Second Officer status.

It is agreed that equipment assignment requirements for the third crew member shall be filled in accordance with the provisions of Article 25 of the Pilots' Agreement.

In order to assist the Captain or the First Officer in the event of incapacitation, the Second Officer will receive the First Officer ground school and sufficient right seat training to make him familiar with the other pilots' functions.

- 2.06 "Day Flying"** means all flying between the hours of 6:00 a.m. and 6:00 p.m Standard Time, and **"Night Flying"** means all flying between the hours of 6:00 p.m. and 6:00 a.m. Standard Time. In all cases, the time of departure used herein shall be the time of block departure of the airplane. When changes in the regional time occur in flight, the regional time at the station of last take-off shall be used in computing the day and night flying time for that leg of the trip.

- 2.07 "Flight Pay" or "Flying Pay"** means hourly base pay, hourly, mileage, gross weight, overseas and nav-aid pay if applicable, on scheduled and extra sections flights and the following non- scheduled flights, namely: publicity, charter, scenic; attempts; aircraft ground movement, re-routed flights; ferries; engine, instrument, plane and radio test flights; experimental, survey, proving and airway aid test flights; for which pilots receive pay in accordance with pay differentials outlined in this Agreement.
- 2.08 "Block Selection"** means a monthly unit of flying time within a pilot base not exceeding eighty-five (85) [eighty-seven (87) for the A319/320/321] hours. **"Blockholder"** means a pilot who currently holds a block selection at his base.
- 2.09 "Monthly Assignment"** means the block selection or reserve duty selection awarded to a pilot.
- 2.10 "Block to Block" or "Flight Time,"** means the elapsed time between actual ramp departure and ramp arrival.
- 2.11 "Vacancy"** means an available pilot position.
- 2.12 "Base" or "Domicile"** means a station which is the common domicile of a pilot or group of pilots from which scheduled and non- scheduled flying is accomplished.
- 2.13**
- 2.13.01 **"Pilot Status"** means the pilot capacity in which a pilot is serving, i.e., Captain, First Officer or Second Officer.
- 2.13.02 **"Equipment Status"** means the equipment and pilot status which a pilot holds in his -monthly assignment, e.g. DC-9 First Officer, etc.
- 2.13.03 **"Adversely Affected Pilot"** is one who is to be reduced in bid status.
- 2.14 "Month"** for the purpose of pay and flight time limitation shall be as laid down in (2.14.01) to (2.14.12) following:
- 2.14.01 January shall be the period January 1 to January 30 inclusive (30 days).
- 2.14.02 February shall be the period January 31 to March 1 inclusive (30 days; in a leap year, 31 days).
- 2.14.03 March shall be the period March 2 to April 1 inclusive (31 days).
- 2.14.04 April shall be the period April 2 to May 2 inclusive (31 days).
- 2.14.05 May shall be the period May 3 to June 1 inclusive (30 days).
- 2.14.06 June shall be the period June 2 to July 1 inclusive (30 days).
- 2.14.07 July shall be the period July 2 to July 31 inclusive (30 days).
- 2.14.08 August shall be the period August 1 to August 30 inclusive (30 days).
- 2.14.09 September shall be the period August 31 to September 29 inclusive (30 days).
- 2.14.10 October shall be the period September 30 to October 30 inclusive (31 days).

- 2.14.11 November shall be the period October 31 to November 30 inclusive (31 days).
- 2.14.12 December shall be the period December 1 to December 31 inclusive (31 days).
- 2.15 "Year"** means a complete calendar year.
- 2.16 "Overseas Operations"** means any flying operation conducted from any point on the North American continent to any landing point more than four hundred and thirty-five (435) nautical miles outside the boundary of said North American continent; or any flying operation conducted between any points more than four hundred and thirty-five (435) nautical miles outside such boundary; and such other flying operations not now included herein which may be mutually agreed upon between the Company and the Association to be overseas operation. For the purpose of this Agreement, the line in red shown on the map signed by and filed with both parties to this Agreement on April 3, 1981, shall be deemed to be a line four hundred and thirty-five (435) nautical miles outside the boundary of the North American continent. All points and places shown as outside the red line on this map shall be deemed to be more than four hundred and thirty-five (435) nautical miles outside the boundary of the continent and all points shown as inside the red line on the said map shall be deemed to be within four hundred and thirty-five (435) nautical miles of the boundary of the continent. (See Article 8.07)
- 2.17 "Domestic Operations"** means all flying operations not specifically defined as overseas operations.
- 2.18 "System"** means all flying operations conducted by the Company.
- 2.19 "Mile"** means a nautical mile of 6,080 feet.
- 2.20 "Voluntary Makeup"** is flying offered to and accepted by a pilot and for which he is legal. Such flying may be at or away from a pilot's domicile. Such flying may take place preceding, during or as an extension of a duty period, and in accordance with the limitations outlined in Article 17 of this Agreement, or may take place during what would otherwise be off-duty time.
- 2.21 "Draft"** is the assignment of a pilot to flight duty for which he was not scheduled as outlined in SR15.
- 2.22 "Service as a Pilot (line service)"** for the purpose of this agreement shall commence upon completion of a pilot's initial training with the Company or a period of ninety (90) days from commencement date of pilot training, whichever occurs first. However, if the period of pilot training extends beyond ninety (90) days through no fault of the Company the actual date of completion of training will apply.
- 2.23 "Co-Terminal"** Those airports serving the same metropolitan area into which the Company operates.
- 2.24 "System Seniority"** means the same as seniority as defined in Article 22.01.

2.25 "Reserve 48 and 96 Hour Off-Duty Period"

- 2.25.01 **"Regular 48"** - A forty-eight (48) hour off-duty period which is scheduled two times per month: once as a separate 48 hour period and once in conjunction with an optional 48 hour period [i.e., one ninety-six (96) hour off-duty period].
- 2.25.02 **"Optional 48"** - A scheduled forty-eight (48) hour off-duty period scheduled twice a month, which a pilot may choose to work.
- 2.25.03 **"Guaranteed 48"** - Two forty-eight (48) hour off-duty periods which shall not be subject to change, except as provided in Article 17.06.
- 2.25.04 **"96 Hour Off-Duty Period"** - An off-duty period in which one forty-eight (48) hour period therein shall be either a Regular forty-eight (48) hour or a Guaranteed forty-eight (48) hour and the other forty-eight (48) hour shall be an Optional forty-eight (48) hour period.

2.26 "Long Range Flying": Flying that crosses more than four (4) one (1) hour time zones in one duty period.

2.27 "Augmentation Pilot": A Captain or First Officer who is fully qualified on type and who holds a current Captain or First Officer position and whose duty it is to provide in-flight relief for the operating Captain and First Officer in order to extend the flight duty time as per Article 17.03.03. Where two augmentation pilots are utilized, the designated Captain will determine the chain of command. A pilot relieving the Second Officer must be qualified as Second Officer on type.

2.28 "Relief Pilot": A pilot who is fully trained to the successful completion of a 1A PPC, holds a Relief Pilot position on the aircraft type and is utilized solely for the purpose of providing in flight relief for the Captain and First Officer in order to extend flight deck duty time as per Article 17.03.03. The relief pilot requalification program will be as approved by the Minister of Transport and will include evaluation of the piloting skills and other duties required of a relief pilot.

NOTE: Pay will be equivalent to that of a Second Officer as per Article 9.01.

2.29 "Flight Deck Duty Time" means the total time spent by a flight crew member at a flight crew member position in an aeroplane during flight time.

2.30 "Onboard Crew Rest Facilities"

These facilities shall be for the exclusive use of the pilots, and shall be located to provide quick access to the flight deck.

- 2.30.01 **"Flight Relief Seat"** - a comfortable, fully reclining seat for each relief pilot separated and screened from the passengers and flight deck, equipped with adequate airflow, a call device enabling the flight deck to immediately summon the resting crew member, a sleep restraint, portable oxygen, and not subject to distraction from noise (particularly random noise), movement or vibration in the cabin. Approval of this seat will be by mutual agreement between the Company and the Association.

Note: It is agreed that the single seat in the last row of the J class cabin as configured in 1996 on the B-767-ER constitutes a Flight Relief Seat.

2.30.02 **"Flight Relief Bunk"** - a bunk for each resting crew member which meets, as a minimum, the requirements set out in SAE ARP4101/3 "Crew Rest Facilities" and is free from sources of noise (particularly random noise). Approval of this bunk will be by mutual agreement between the Company and the Association.

Note: The A340 crew bunks will be located immediately behind the cockpit area as recommended by Airbus industry.

2.31 **"Operational Delays"**: Delays that are beyond the control of the air operator, such as unforecast adverse weather, equipment malfunctions and air traffic control delays.

2.32 **"Scheduled Flight Time"**: Scheduled Flight Time for planning purposes is considered to be unrealistic if the maximum flight duty time on a particular route is exceeded on more than 10% of occasions on a semi-annual basis, coinciding with the summer and winter schedule changes. The Company shall take appropriate action to ensure that planning is realistic and the flight or series of flights is completed within the maximum allowable flight duty time.

2.33 **"DMM"**: Designated Monthly Maximum – The maximum number of hours a pilot may be blocked in one block month.

2.34 **"CARS"**: Canadian Aviation Regulations.

2.35 **"Acting Check Pilot (ACP)"**: A pilot on the Air Canada Pilots' System Seniority List who holds an active position as per the conditions outlined in Article 25 and is temporarily assigned to Check Pilot duties. This does not include ground school Instructors and contract Instructors who are not "active" pilots.

2.36 **"Acting Flight Instructor (AFI)"**: A pilot on the Air Canada Pilots' System Seniority List who holds an active position as per the conditions outlined in Article 25 and is temporarily assigned to Flight Instructor duties. This does not include ground school Instructors and contract Instructors who are not "active" pilots.

2.37 **"Line Indoctrination Training Captain (LITC)"**: A pilot on the Air Canada Pilot's System Seniority List who holds an active position as per the conditions outlined in Article 25 who is selected to provide line indoctrination instruction.

2.38 **"Permanent Management Pilot"**: A pilot on the Air Canada Pilot's System Seniority List as described under Article 21 and Article 25.14, who is deemed "inactive" in accordance with Article 25.01.03.01 of the Collective Agreement.

ARTICLE 3 - HOURLY BASE PAY - ALL PILOTS

3.01 Each pilot shall receive either an hourly base pay to be included as a component of flying pay or salary where indicated in accordance with his total accredited service with the Company as a pilot as indicated below. Second Officers and Relief Pilots will progress to tenth year hourly base pay. Captains and First Officers to twelfth year.

Pilots on flat salary as of the date of ratification of this agreement will be paid the greater of their salary at ratification including any incremental pay increases and negotiated pay increases, or as detailed below

Flat Salary Connector Pilots

Pilots transitioning from Air Canada Connector Airline to the Air Canada Pilots' System Seniority List will be credited with a maximum of four (4) years of Air Canada service, in yearly increments, having earned such equivalent service wholly at an Air Canada Connector Airline. Service credited will be solely for the purposes of pay parameters, as outlined below, and for Employee vacation entitlements. The waiting period (6 months) will be waived for free and reduced rate travel benefits. Connector service will be applied as follows:

Actual Connector Airline length of service	Equivalent Service Credit
0 – 11 months	0 years Credit
12 – 23 months	1 year Credit
24 – 35 months	2 years Credit
36 – 47 months	3 years Credit
48 months or greater	4 years Credit

3.01.01 Flat Salary – All Pilots

Period	Less than 2 years Credit	2 years Credit	3 years Credit	4 years Credit
1 – 12th Month	\$3,111.31	\$3,670.10	\$3,849.17	\$4,028.18
13 – 24th Month	\$3,534.58	\$3,849.17	\$4,028.18	\$4,207.28
25 – 36th Month	\$3,796.01	\$3,983.47	\$4,162.44	\$4,341.49

* MONTHLY Salary (all other figures are hourly base pay)

Note: Only Second Officers and Relief Pilots proceed to 25th to 36th month.

3.01.02 Hourly Base Pay – All Pilots

3rd year	\$18.78
4th year	\$20.29
5th year	\$21.73
6th year	\$23.29
7th year	\$24.74
8th year	\$26.32
9th year	\$27.81
10th year	\$29.32
11th year	\$30.80
12th year	\$32.30

Note: Hourly base pay for pilots on A319/320/321 will be at ninety-five (95) percent of the above rates.

3.02 A pilot who is qualified as a Captain one year after his Flight Staff Employment date with Air Canada will be entitled to normal formula pay in accordance with his qualified position and his accumulated years of service only if his seniority entitles him to hold such a position, as determined by the CMSC. The hourly base pay amount will be as follows:

\$17.28

Note: Hourly base pay for pilots on A319/320/321 will be at ninety-five (95) percent of the above rates.

3.03 Accredited service for pay purposes shall not accrue:

3.03.01 during any period of furlough;

3.03.02 during that portion of any continuous leave of absence without pay in excess of thirty (30) days; except that

3.03.02.01 leaves granted to permit attendance of pilots at conferences with the Company will be considered as continuous service, and

3.03.02.02 leaves granted to permit pilots to attend any conferences with Company permission will be considered as continuous service.

ARTICLE 4 - HOURLY PAY -CAPTAINS

4.01 In addition to hourly base pay, each pilot when serving as Captain shall be paid hourly flying pay at rates based upon the equipment flown and whether such flying is day or night, as follows:

	<u>Day</u>	<u>Night</u>
CL-65*	\$22.0416	\$24.1290
DC-9	\$67.6429	\$88.5913
B-737	\$71.1764	\$92.1247
A-319/320	\$73.7778	\$93.6790
B-767	\$72.6156	\$94.6238
B-787	\$78.2105	\$101.9753
A-330/340	\$78.2105	\$101.9753
B-777	\$78.2105	\$101.9753
B-747	\$78.2105	\$101.9753
B-747-400	\$83.8199	\$104.7682

* Note: For the purposes of establishing CL-65 Captain rates for the 2nd, 3rd, and 4th, year, pursuant to Article 7.12, and CL-65 First Officer Rates pursuant to Article 9.

ARTICLE 5 - MILEAGE PAY - CAPTAINS

5.01 Each pilot, when serving as Captain shall, in addition to other rates compensation stipulated in this Agreement, be paid mileage pay based on the speed of the aircraft being flown as specified in Article 5.02 as follows:

8.2271¢

Note: Mileage pay for pilots on A319/320/321 will be at ninety-five (95) percent of the above rates.

5.02 The speed for mileage purposes shall be 460 knots for CL-65 series aircraft, 470 knots for Douglas DC-9 series, B737 series and Airbus A-319/320/321 series, 485 knots for Boeing 767 series and Airbus A-330/340 series, and 530 knots for Boeing 747 series aircraft.

5.03 Effective April 2nd, 2001 the speed for mileage purposes for the following series of aircraft shall be:

B747/400	-	534 Knots
B747	-	534 Knots
B777	-	540 Knots
A330/340	-	501 Knots
B787	-	540 Knots
B767	-	510 Knots
A319/320/321	-	487 Knots
B737	-	498 Knots
DC9	-	498 Knots
CRJ	-	491 Knots

Total mileage shall be computed by multiplying the total number of hours credited as flown (schedule time or actual time, whichever is greater) during the month by the rated speed of the aircraft flown as stipulated in Article 5.02.

ARTICLE 6 - GROSS WEIGHT PAY - CAPTAINS

6.01 Each pilot when serving as Captain shall be paid, in addition to other rates of compensation stipulated in this agreement, gross weight pay in accordance with the maximum certificated gross weight of the Company's aircraft as follows:

8.2271¢

for each 1,000 pounds of the certified gross weight of the aircraft for each hour flown.

For the purpose of computing maximum gross weight pay, the total weight figure to the nearest 1,000 pounds shall be used.

Note: Gross weight pay for pilots on A319/320/321 will be at ninety-five (95) percent of the above rates.

6.02 For the purpose of this Article, gross weight of airplanes for pay is as follows:

	Pounds
CL-65	51,300
Douglas DC-9	109,000
Boeing 737	128,600
A-319/320/321	see formula*
Boeing 767	409,000
Boeing 787	417,000
A-330/340	608,250
Boeing 777	732,000
Boeing 747	803,000
Boeing 747-400	873,000

* Until the expiry of the collective agreement, the weight of the A-319/320/321 fleet shall be reviewed (and adjusted if the fleet mix changes) each January and July using the following formula:

A-319/320:	167,300
A-321	205,908

$$\frac{((\text{number of A319/320}) \times (167.300) + (\text{number of A321}) \times (205.908))}{\text{total number of A319/320/321 aircraft}}$$

For the purpose of such reviews, the number of each type of aircraft in service shall be determined by reference to the numbers projected to be in service at the mid-point (i.e. April 1st or October 1st) of the period in question. If all A321 aircraft are removed from service, then the formula ceases to apply and the gross weight calculation for the A319/320 shall immediately revert to 167,300 pounds.

ARTICLE 7 – PAY - GENERAL

7.01 In computing the hours of pilots for flying pay purposes on all types of flights for which flying pay is applicable, the published schedule time from block to block for the equipment being flown or the actual time from block to block, whichever is greater, shall be used. Where there is no published schedule in effect for the equipment being flown, then the block to block times established for planning purposes shall be considered as the schedule time for pay purposes. In the case of ahead-of-schedule arrivals on any flight leg for which bonuses and/or special credits apply, the credits shall be calculated as though the last flight leg actually flown was flown according to schedule.

7.02 When a change in calendar date occurs enroute, the pilot's originating date shall be considered the date on which the flight was made and to which date all time for the flight shall be credited. In the event of delayed operations at the end of a month, the pilot's scheduled originating date shall be considered the date on which the flight was made and to which all credits for the flight shall be applied.

7.03 Calculation of Monthly Pay

Each pilot shall be credited with the greater of his minimum guarantee, or his actual flight time and credits, to a maximum of the designated monthly maximum or seventy-eight hours (78:00), whichever is greater, in any one month.

7.03.01 A pilot's monthly pay shall be credited to the pilot as the lesser of:

- day and night time as earned up to the designated monthly maximum or seventy-eight hours (78:00), whichever is greater; or
- his pro-rated monthly maximum.

The excess, if any, over the designated monthly maximum or seventy-eight hours (78:00), whichever is greater, shall be credited to the pilot's bank.

7.03.02 When a pilot's monthly flight time and credits are less than the greater of the designated monthly maximum or seventy-eight hours (78:00), under the provision of Article 7.03, any credit in his bank will be used to increase his flight time and credits up to a maximum of the greater of the designated monthly maximum or seventy-eight hours (78:00). Under this provision, the bank credit shall be applied to the minimum guarantee hours specified in Article 10.

7.03.03 When a pilot's bank is debited, the time credited to the pilot shall be night, domestic, at maximum gross weight of the equipment for which the credit applies.

7.03.04 Notwithstanding the provisions of Article 7.03, the total earned overseas operations and nav-aid pay will be credited to the pilot in the month in which the flight originated.

7.03.05 In the event of leave of absence without pay, off-duty status without pay, leave of absence in the case of sickness, furlough, or termination of employment as a pilot, a pilot may elect to have his pay adjusted to include any remaining bank credit.

7.03.06 In the event of equipment conversion and/or a change in pilot status, bank credits will be carried forward and converted to hours and minutes in relation to the pilot's new equipment and/or status rates.

7.04 Flights Overlapping Month

In the event a flight(s) overlaps the end of the month, time accrued in the originating month will be credited and paid up to the designated monthly maximum or seventy-eight hours (78:00), whichever is greater, and any excess shall be credited to the pilot's bank. Time accrued in the new month will be credited and paid in that month.

7.05 Captain Serving as First Officer, Relief Pilot or Second Officer

When a pilot holding a Captain monthly assignment is assigned at the request of the Company to serve as a First Officer, Second Officer, or Relief Pilot, he shall, in addition to his hourly base pay, receive hourly, mileage, gross weight, and overseas pay, and any other pay/credits, if applicable, at Captain rates, except as otherwise provided in this Agreement.

7.06 First Officer Serving as Relief Pilot or Second Officer

When a pilot holding a First Officer monthly assignment is assigned at the request of the Company to serve as a Second Officer or Relief Pilot, he shall, in addition to his hourly base pay, receive hourly, mileage, gross weight, and overseas pay, and any other pay/credits, if applicable, at First Officer rates, except as otherwise provided in this Agreement.

7.07 First Officer Serving as Captain

When a pilot holding a First Officer monthly assignment flies as Captain during the month, his flight pay for the month will be the greater of:

- 7.07.01 Captain minimum guarantee for the month in accordance with Article 10.06; OR
- 7.07.02 His actual flight pay during the period served as a First Officer, plus, during the period served as Captain, or Reserve Captain, the greater of:
 - 7.07.02.01 his actual flight pay; OR
 - 7.07.02.02 the flights in his First Officer block as though they had been flown according to schedule during the period.

7.08 Second Officer Serving as First Officer

When a pilot holding a Second Officer monthly assignment flies as a First Officer during the month, his flight pay for the month will be the greater of:

- 7.08.01 First Officer minimum guarantee for the month in accordance with Article 10.07; OR
- 7.08.02 His actual flight pay during the period served as a Second Officer, plus, during the period served as a First Officer, the greater of;
 - 7.08.02.01 his actual flight pay; OR
 - 7.08.02.02 the flights in his Second Officer block as though they had been flown according to schedule during the period.

7.09 Monthly Pay Advance

A monthly pay advance in the following amounts will be distributed on approximately the 1st banking day of each current month.

Captains:	\$3,500
First Officers and CL-65 Captains:	\$2,500
Second Officers, Relief Pilots:	\$2,000
CL-65 First Officers:	\$1,500

The advance will be applied against the subsequent pay cheque paid in the next month normally no later than the 17th day of that month.

Example: First banking day in May – Pay advance for the month of May
May 17th – Final pay for the month of April

7.10 Captains Flying With Left-Seating First Officers

All Captains flying with a left-seating First Officer for the purposes of Captain upgrade training (as described in Article 14) will have all pay parameters increased by five percent (5%) for all pairings performed in this capacity including all applicable THG and DPG.

7.11 Line Indoctrination Training Captains

A Captain selected to provide line indoctrination instruction will be given appropriate training according to Company and Transport Canada requirements. Captains engaged in line indoctrination duties will be paid seventeen (17) dollars per hour in addition to normal rates of pay for all complete pairings (including any THG and DPG) or part pairings (including any applicable DPG) performing these duties.

7.12 CL-65 Captain Pay Rates

Formula pay rates for CL-65 Captains will be equivalent to 105.3 percent of the A-319/320/321 First Officer pay rates based on the applicable years of service from the 5th, to the 12th, year inclusive. Pay rates for the 1st to 4th years shall be as per the rates set out in the pay tables.

7.13 Retired Equipment

7.13.01 Effective the block month following the removal of all aircraft in a fleet type, those pilots qualified on type shall be paid the greater of the following until qualified on another equipment type:

7.13.01.01 The daily average flying pay during the previous three (3) block months where flying credits were in excess of Reserve Minimum Monthly Guarantee for DMM 78 (MMG 70:00) (exclusive of leaves of absence without pay) including overseas and nav-aid pay. This daily average shall be adjusted to include negotiated pay increases and any incremental pay increases.

or

7.13.01.02 Reserve Minimum Monthly Guarantee for DMM 78 (MMG 70:00)

- 7.13.02 Pilots who do not hold an awarded position as a result of being posted off pending retirement in accordance with Article 25, subject to mutual agreement between the pilot and the Company, may re-qualify to another equipment type on which the pilot was previously qualified. Rates of pay for pilots who re-qualify to a lower rated position under this provision will be protected at the higher rate of pay.

7.14 Overtime Premium

Until December 31, 2005:

- 7.14.01 For the A319/320/321 aircraft types, in any month where a pilot's flight time credits exceed eighty-five hours (85) or the DMM, whichever is greater, those hours in excess of eighty-five hours (85) or the DMM, whichever is greater, less any credits applied from the pilot's bank, will attract a fifty percent (50%) overtime premium, which will be cash cleared.
- 7.14.02 For all other aircraft types except A319/320/321, in any month where a pilot's flight time credits exceed 85 hours, those hours in excess of 85 hours, less any credits applied from the pilots bank will attract a 50% premium, which will be cash cleared.

Effective January 1, 2006:

- 7.14.01 In any month where a pilot's flight time credits exceed 85 hours, those hours in excess of 85 hours, less any credits applied from the pilots bank will attract a 50% premium, which will be cash cleared.

ARTICLE 8 - OVERSEAS OPERATIONS PAY – CAPTAINS, FIRST OFFICERS, SECOND OFFICERS, AND RELIEF PILOTS

8.01 Each pilot when serving as Captain, who flies on the Company's overseas operations shall, in addition to other rates of compensation outlined in this Agreement, be paid for each hour of such flying during the month as follows:

\$9.3413

8.02 Each First Officer who flies on the Company's overseas operations shall, in addition to other rates of compensation outlined in this Agreement, be paid for each hour of such flying during any month as follows:

\$5.0946

8.03 Each Second Officer or Relief Pilot who flies on the Company's overseas operations shall in addition to other rates of compensation outlined in this Agreement, be paid for each hour of such flying during any month as follows:

\$3.3969

8.04 The provisions of Article 8 of this Agreement shall apply only to those pilots who receive compensation under the formula pay system.

8.05 Nav-Aid Pay

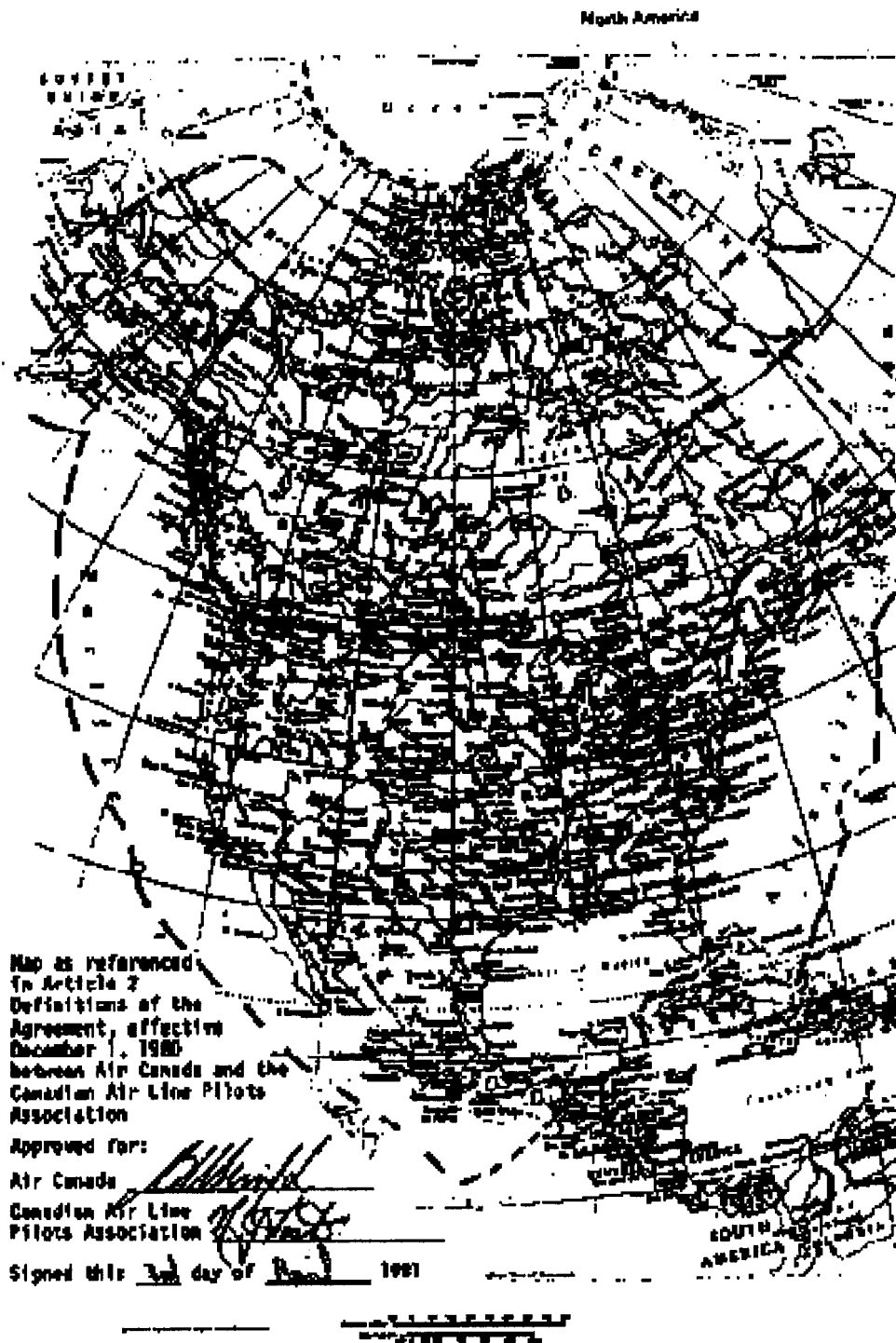
Each pilot, when serving as Captain, First Officer, Second Officer, or Relief Pilot who flies on a route segment where a navigator has been or would have been required shall be paid, in addition to other rates of compensation, for each hour as follows:

Captain	\$8.4923
First Officer	\$4.2458
Second Officer	\$2.5473
/Relief Pilot	

NOTE: Nav-aid pay is included in the pay rates for the B747-400, B747, B-777, A-330/340, B-787, and B-767 aircraft.

8.06 Overseas operations pay for pilots on A319/320/321 will be at ninety-five (95) percent of the above rates.

8.07 Overseas Operations (map)



ARTICLE 9 – FLYING PAY – FIRST OFFICERS, SECOND OFFICERS AND RELIEF PILOTS

9.01 First Officers with two (2) or more years of service with the Company, and Second Officers/Relief Pilots with more than three (3) years of service with the Company, shall receive, for each hour flown, such hourly base pay as specified in Article 3, plus the following percentage of the Captain hourly mileage and gross weight pay in accordance with the following table:

Years of Service as Pilot	F/O % of Capt. Flying Pay	S/O and RP % of Capt Flying Pay
Third Year	47.2%	
Fourth Year	49.2%	37.2%
Fifth Year	51.2%	38.2%
Sixth Year	53.2%	39.2%
Seventh Year	55.2%	40.2%
Eight Year	57.2%	41.2%
Ninth Year	59.2%	42.2%
Tenth Year & thereafter	61.2%	43.2%

9.02 In computing the hours of First Officers, Second Officers and Relief Pilots, for flying pay purposes, the method used shall be as outlined in Article 7.01.

ARTICLE 10 - MINIMUM GUARANTEE

10.01 Each pilot, except Captains with less than one (1) year of service and First Officers with less than two (2) years, and Second Officers and Relief Pilots with less than three (3) years of service as a pilot with the Company, shall be paid a minimum monthly guarantee consisting of hourly base pay, hourly, mileage and gross weight pay in accordance with his equipment status at one-half (1/2) day, one-half (1/2) night rates as follows:

MMG Block / Reserve	DMM	MMG Block / Reserve	DMM
60 / 65	70	67 / 71	79
60 / 65	71	68 / 72	80
63 / 67	72	69 / 73	81
63 / 67	73	70 / 74	82
63 / 67	74	71 / 75	83
64 / 68	75	72 / 76	84
65 / 69	76	73 / 77	85
66 / 70	77	74 / 78	86 *
66 / 70	78	75 / 79	87 *

* DMM 86 and 87 applicable to A319/320/321 only

10.02 Each pilot flying B-747-400, B-747, A-330/340, B-767, A-319/320 or B-737 equipment, except First Officers with less than two (2) years of service, Second Officers and Relief Pilots with less than three (3) years of service as a pilot with the Company, shall be paid a minimum monthly guarantee as per the table in Article 10.01 consisting of hourly base pay, hourly, mileage and gross weight pay in accordance with his equipment status, paid at one-half (1/2) day, and one-half (1/2) night including overseas and Nav-aid pay. For the purpose of these guarantees the following overseas pay and nav-aid pay hours shall be:

Equipment Type	Overseas Hours	Nav-Aid Hours
B-747-400	71	
B-747	71	
B-777	71	
A-330/340	71	
B-787	71	
B-767	71	
A319/A320	3	3
B-737	0	0

10.03 In the event that aircraft other than B-747-400, B-747, B-777, A-330/340, B-787, B-767 or A-319/320 equipment are flown on overseas routes a minimum guarantee shall be established in accordance with the ratio of overseas/domestic hours to be flown.

10.04 When a pilot holds a reserve assignment for less than the complete month due to training, vacation, sickness, furlough or leave of absence without pay, the monthly minimum guarantee will be pro-rated on a daily basis.

10.05 A pilot's minimum monthly guarantee shall be prorated on a daily basis during the month when:

10.05.01 A pilot on flat salary changes to flight pay.

10.05.02 A pilot on flight pay is completely removed from or replaced on the payroll, or, during any period a pilot is removed from duty as described in Article 18.04.01.

- 10.05.03 A First Officer is initially promoted to Captain status.
- 10.06 First Officer Qualified as Captain** - When a First Officer qualified as a Captain is designated as a Captain during a calendar month, he shall be considered to be a Captain for the entire month for purposes of determining his minimum monthly guarantee, except that a pilot shall not be considered as being designated as a Captain should he be flying solely as a result of having been scheduled out as a Captain in the previous month. A pilot's guarantee under the latter circumstances will be prorated on a daily basis.
- 10.07 Second Officer Qualified as First Officer** - When a Second Officer qualified as a First Officer is designated as a First Officer during a calendar month, he shall be considered to be a First Officer for the entire month for the purpose of determining his minimum monthly guarantee, except that a pilot shall not be considered as being designated as a First Officer should he be flying solely as a result of having been scheduled out as a First Officer in the previous month. A pilot's guarantee under the latter circumstances will be prorated on a daily basis.
- 10.08** When a pilot flies more than one type of equipment during a month his minimum guarantee shall be based on the higher rated equipment except as provided in Article 14.
- 10.09** When a pilot is required by the Company to stand reserve on more than one type of equipment during a month, his minimum guarantee shall be based on the higher rated equipment, plus any overseas differential which may apply.
- 10.10** Should a pilot elect and be permitted to maintain dual competency, his minimum guarantee shall be prorated on the basis of Article 10.09.
- 10.11** Except as otherwise provided in this Agreement, a pilot shall be paid his actual flight pay earnings, or his minimum guarantee, whichever is greater. In cases where the minimum guarantee has been prorated during a month, a pilot shall be paid his actual flight pay earnings or the sum of his prorated guarantee, whichever is the greater.
- 10.12** When a pilot who does not hold a block selection does not fly during the month, his guarantee for such month shall be based on his position for the month in question.
- 10.13** The monthly guarantee provided for in this Article shall not apply to those pilots who are unable to fly because all or part of the Company's aircraft are grounded for reasons beyond the Company's control.
- 10.14** If the Company's aircraft are grounded for reasons beyond the Company's control, pilot's competency on their former aircraft type will be renewed as soon as practicable and for bidding purposes will be considered as not having lapsed.

ARTICLE 11 - MISCELLANEOUS FLYING

11.01 A pilot may be removed or displaced from a flight or flights in his block, removed from his monthly assignment and reassigned to another flight or to another block or to reserve duty as outlined below for the purpose of providing relief during irregular operations or as a result of the Company's training requirements. A pilot affected by the provisions of this Article will be returned to his normal assignment as soon as practicable.

Notwithstanding the provisions of Articles 11.03 and 11.04, a pilot will not be considered displaced or removed from his flight except when he is legal and in position to operate that flight.

11.02 Removal From a Block Selection

11.02.01 A pilot may be removed from his complete block selection at Company request and assigned to reserve duty or another block on the same equipment and in the same status. A pilot who is assigned to reserve duty will stand reserve only on the calendar days on which he would have been working according to his block, Such reserve days will be designated as being from 0001 to midnight. The forty-eight (48) hour designated off-duty periods while on reserve will coincide with the designated off-duty periods of the block from which he was removed.

11.02.02 If a pilot is called for duty during such a reserve duty period and is required to operate a flight or flights that extend into what would normally have been days off, reinstatement of time off will be made immediately on return to home base. If the days off cannot be reinstated before the month ends, the pilot will not be required to operate the flight(s).

11.02.03 For pay purposes only, a pilot who is removed from his complete block selections as described in 11.02.01 and 11.02.02 shall be paid for the flights in the block from which he is removed as if they had been flown according to schedule, his actual flying pay, or his minimum guarantee, whichever is the greater. For flight time limitations such pilot will be credited with his accumulated block time or accumulated actual time whichever is the greater.

11.02.04 A pilot, holding a block selection who is assigned to reserve duty under the terms of 11.02.01 and 11.02.02 shall be permitted to enter his name in makeup and take open flying to increase his block flying time projection within the limitations of Article 17.01 provided he would have been legal for such flying if still assigned to his original block selection. Such makeup shall not be permitted during periods of reserve duty or on designated forty-eight (48) hour off-duty periods in the reserve duty selection to which he is assigned.

11.03 Move-Up In the event that open flying becomes available less than three (3) hours prior to scheduled departure and there is no pilot available on reserve, makeup or subject to re-assignment, a pilot may be removed from a flight or flights in his block and assigned to another flight or flights. A pilot "moved up" under these circumstances will be considered to be drafted as per SR15.01.

He shall receive flying pay for the actual flying performed or for the flights in his block as if flown according to schedule, whichever is greater. Flight time credit will be in accordance with the flight for which flying pay is applicable regardless of the actual amount of flying performed.

11.04 Displacement From a Flight or Flights

A pilot may be displaced from a flight or flights in his block. A pilot so displaced shall:

11.04.01 be released from all duties:

- 11.04.02 be paid for such flight or flights as if they have been flown according to schedule, and shall be credited with such flight time for the purpose of flight time limitations;
- 11.04.03 be permitted to go on immediate makeup during the time remaining until the period covered by the next regular makeup list.

11.05 Removal From Monthly Assignment

- 11.05.01 A pilot may be removed from his monthly assignment or part thereof, and assigned to other equipment in the same or different status.
- 11.05.02 A pilot so assigned shall, subject to the timing of such assignment, be permitted to exercise his seniority on the newly assigned equipment for bidding of monthly block awards; otherwise, he shall be assigned to reserve duty. The forty-eight (48) hour designated off-duty periods and days off should coincide with the designated off-duty periods of the block from which he was removed. If a pilot is called for duty during such reserve period and is required to operate a flight or flights into what would have normally have been days off, reinstatement of time off will be made immediately on return to home base. If the days off cannot be reinstated before the month ends, the pilot will not be required to operate the flight(s). At his option, when a pilot is removed from his "Monthly Assignment" and if his seniority on the new equipment would entitle him to be a blockholder, he shall be permitted to pre-select sufficient flying from the open time to build a normal block.
- 11.05.03 Pay for such assigned pilot shall be the greater of:
 - 11.05.03.01 the flights in his block from which he is removed as if they had been flown according to schedule, or if removed from a reserve assignment the minimum guarantee for that equipment; OR
 - 11.05.03.02 the minimum guarantee for the equipment and status to which he has been assigned; OR
 - 11.05.03.03 the actual flying performed.
- 11.05.04 It is acknowledged that occasions occur where it can reasonably be understood that pilots will have to deal with the issue of fatigue. Fatigue must be responsibly addressed by all parties and requires pilot commitment to reasonable personal scheduling and management's commitment to provide relief from duty when required. Upon a pilot's request he will be relieved from duty via "Drop – No Credit" when fatigue is an issue. In such cases, timely notification of the requirement for relief is critical to the integrity of operations.

11.06 Serving Out of Status - A pilot holding a reserve assignment may be assigned, due to the needs of the service, to a flight or flights in another status on the same equipment. Pay for such flights shall be in accordance with the provisions of Articles 7.05, 7.06, 7.07, or 7.08, as applicable.

11.07 Drafting - If a pilot loses flying time because of over-projection of his monthly flying as a direct result of a draft, he shall be paid and receive flying time credit for the greater of:

- 11.07.01 the flying which he lost due to the over-projection, OR
- 11.07.02 the flying for which he was drafted.

11.08 Drafting Into Days Off

11.08.01 When a pilot is involuntarily assigned to flight duty, during one of his scheduled days off at his home base and such assignment results in a reduction to the number of scheduled days off, he will be entitled to replace the day or days off **lost** by dropping a flight (or flights) from his block, provided:

11.08.01.01 the flight can be dropped without reducing the pilot's projected flying time below the applicable minimum monthly guarantee (MMG), and

11.08.01.02 reserve coverage is available to operate the flight (or flights) to be dropped.

11.08.02 If a pilot loses flying time because of block flights missed as a direct result of a draft, he shall be paid and receive flying time credit for the greater of such flying as if it had been flown according to schedule or the flying for which he was drafted.

11.09 A blockholder who has been awarded an open flight or flights before he was drafted and is unable to fly the flight or flights because of such draft shall be paid and receive flying time credit for the greater of such flying as if it had been flown according to schedule or the flying for which he was drafted.

11.10 Minimum Pay - Irregular Operations

When a pilot is requested to and reports to the airport to fly and for reasons beyond his control fails to fly, he shall receive a minimum of two (2) hour's credit for flight time limitation purposes, and a minimum of two (2) hour's flight pay (regular salary in the case of a pilot on flat salary) for the equipment flown, or for which he was scheduled to fly. The provisions of this paragraph shall not apply to training, practice or local check flights. The above mentioned two (2) hour flight pay will be paid at one (1) hour day and one (1) hour night.

11.11 Voluntary Makeup

11.11.01 A pilot shall be legal for makeup during a month to the extent that he would be legal for his last pairing of the month. He may avail himself of open flying under the provisions of SR8.

11.11.02 A blockholder, upon notification of **loss** of flying shall be permitted (provided such pilot is not under the applicable minimum monthly guarantee) to recover such **loss** under the following provisions:

11.11.02.01 use of voluntary make-up (Article 11.11.01). OR

11.11.02.02 pre-selection of open time. This option must be exercised within forty-eight (**48**) hours of notification, or the return to home base whichever is later. The option to pre-select may not interfere with the awarding of flights to be covered by the next regular makeup list. OR

11.11.02.03 **As** outlined under the pay protection provisions.

11.12 Pay Protection, Reassignment Application & Reassignment Procedures

11.12.01 Pay Protection-General

11.12.01.01 When a blockholder loses flying time from his block during the block month because of consolidation, cancellation, substitution, misconnection, or operational reasons, he will be entitled to pay protection. The company will advise the pilot of any **loss** of flying as soon as possible.

- 11.12.01.02 Upon notification of **loss** of flying, it will be the pilots option to accept or refuse pay protection provided his block projection has not been reduced below his minimum monthly guarantee.
- 11.12.01.02.01 If the pilot declines pay protection the Company shall advise the pilot whether he will be required to fly the balance of his interrupted flight sequence. If the pilot declines pay protection, it will not be offered for any further flight time losses occurring during the same block month.
- 11.12.01.02.02 If the pilot accepts pay protection, he will not have the option to refuse pay protection for subsequent flight time losses occurring during the same block month.
- 11.12.01.03 Flat salary pilots are not eligible to refuse pay protection and/or reassignment.
- 11.12.01.04 A Pilot who accepts pay protection shall be paid and receive flying time credit for the actual flying performed or for the flights in his block as if flown according to schedule, whichever is greater, provided the pilot would have been legal to do the lost flying (except as provided for in SR5.05).

Pay Protection will be limited to the credit value of the original block as awarded, exclusive of block growth. Block growth will not be used to offset flight time losses. Any previous flying which has been pay protected will be deemed to have been flown for legality purposes and will count towards the monthly maximums. Therefore, the cumulative total of more than one pay protection event will not necessarily reduce a pilot's block below minimum guarantee. The cumulative value of any unused pay protection credit will be available when reassigning flying under pay protection.

Example: In a 78-hour DMM, a pilot is projected to 78:00 and then has a 7:00 hour flight cancelled. The pilot opts to accept pay protection, but is not reassigned flying during the pay protection window. Later in the month, the pilot has a second flight cancelled also worth 7:00 hours. He may be reassigned flying within the pay protection window up to 14:00 hours provided he remains legal to depart home base on his last pairing.

Make-up flying performed exclusive of pay protection is paid in addition to the awarded block and will have no effect on flight time losses that have not been recovered. This includes involuntary assignment operated outside the normal pay protection provisions.

11.12.02 Reassignment Application

- 11.12.02.01 When it becomes known that a blockholder is eligible and accepts pay protection under Article 11.12, the Company shall determine and advise the pilot whether he will be required; to fly the balance of his interrupted flight sequence, to be assigned open time, or avail himself of make-up.
- 11.12.02.02 The Company may reassign the pilot under the open time or make-up provisions, or a combination of both. The reassignment to flying must fall within six hours (6:00) before the original departure and six hours (6:00) after the original scheduled arrival of the lost flying providing that it is within the same calendar days. Flying in addition to the original scheduled calendar days may be assigned at pilot option.

- 11.12.02.03 Pilots under pay protection will be assigned flying prior to pilots on normal make-up, pilots pre-selecting flying etc. regardless of seniority. The overlap portion of a pairing in the new month, as scheduled at block award time, will be protected and subject to the provisions of this Article. In the event that the reassigned flying is cancelled the pilot will be subject to further reassignment.
- 11.12.02.04 Reassignment flying may not cause the pilot's block projection to exceed the greater of designated monthly maximum, or the pilot's block projection at the time of the **loss** of flying. Reassignment flying must still allow a pilot to complete his last blocked pairing. Should the cumulative total of the pilot's block plus his block growth exceed DMM, the pilot will only be protected for the pairings he is legal for (except as provided for in SR5.05).
- Example: A pilot has elected to accept pay protection at the beginning of the month. His last blocked pairing is worth five (5) hours, but prior to starting his last blocked pairing, he has already exceeded DMM and therefore, he is not legal to operate it. His last blocked pairing will be dropped from his block, as he is not legal, and he will be paid and receive flying time credit for the actual flying performed or the remaining flights in his block as if flown according to schedule, whichever is greater, plus any makeup or drafted flying performed.
- 11.12.02.05 If a pilot has reported to the airport for flight duty and fails to fly, it will be considered as a working day for the purpose of this section.
- 11.12.02.06 Pilots under pay protection may only be reassigned in their current status except as described in Scheduling Rule 8.03.02.01.
- 11.12.02.07 A pilot who is on reserve in one month, but has a block in the next, and is forced out by the Company on a trip that results in missing his first block pairing(s) shall have the option of requesting pay protection. If the pilot requests pay protection, he will be protected for the value of the **lost** pairing and be subject to reassignment within the six (6) hour window. Any flying, including all applicable THG, DPG and deadhead credits accrued during the overlap will be used to offset pay protection.

EXAMPLES ON THE APPLICATION OF THE PAY PROTECTION PROVISIONS WHEN PAY PROTECTION IS ACCEPTED

Example 1: DMM = 78:00

PROTECTED	PROJECTED	AVAILABLE	PAY PROTECTION
74:00	74:00	4:00	NIL
5 Hour pairing cancelled on the 10th of the month			
74:00	69:00	9:00	5:00

Therefore, the pilot may be assigned to a maximum of nine (9) hours total pay protection and if he is not assigned to any flying such pilot will be credited seventy-four (74) hours.

Example 2: DMM = 78:00

PROTECTED	PROJECTED	AVAILABLE	PAY PROTECTION
74:00	74:00	4:00	NIL
Pilot operates make-up pairing on the 6th of the month worth 8 hours			
74:00	82:00	NIL	NIL
10 Hour pairing cancelled on the 10th of the month			
74:00	72:00	NIL	10:00

Therefore, the pilot may be assigned to a maximum of ten (10) hours total pay protection and if he is not assigned to any flying such pilot will be credited eighty-two (82) hours.

Example 3: DMM = 78:00

PROTECTED	PROJECTED	AVAILABLE	PAY PROTECTION
75:00	75:00	3:00	NIL
Pilot operates make-up on the 6th of the month worth 5 hours			
75:00	80:00	NIL	NIL
Part of a pairing cancelled on the 10th and the pilot lost 3 hours 30 minutes			
75:00	76:30	NIL	3:30

The pilot may be reassigned flying in addition to the original pairing within the pay protection window on the 10th. If unable to reassign on the 10th the pilot cannot be assigned under the open time provisions of pay protection as such pilot has less than the minimum DPG available, and he will be credited eighty hours (80:00). The amount of flying assigned under pay protection is limited to the greater of the DMM or his projected block at the time of the flying loss.

Note: The provisions of example 2 and 3 are also applicable when a pilot is involuntary assigned flying as per SRI5.

11.12.03 Reassignment Procedures

11.12.03.01 Open-Time Assignment Provisions

Under open-time assignment provisions the following will apply:

- 11.12.03.01.01 A pilot may be assigned in advance, any open flying on normal working days. This flying must fall within the six (6:00) hour "window" as defined in Article 11.12.02.02.
- 11.12.03.01.02 It is desirable to offer pairings that are similar to the ones being pay protected.
- 11.12.03.01.03 A pilot may be offered an open time reassignment on days off, but refusal will not disqualify the pilot from pay protection.
- 11.12.03.01.04 Should a pilot accept reassignment on days off, he will not have to be available on the scheduled working days that are being replaced as a result of such assignment.

11.12.03.02 Make-up Provisions

Under make-up provisions, the following will apply:

- 11.12.03.02.01 The pilot's name will be placed on the respective make-up list for the days he would have normally been scheduled.
- 11.12.03.02.02 Pilots under pay protection will be assigned flying prior to blockholders on regular make-up regardless of seniority. If two (2) or more pilots under pay protection are on make-up, the most senior pilot(s) will be assigned flying.
- 11.12.03.02.03 A pilot will not be required to remain constantly available. A pilot who is on the make-up list must contact Crew Scheduling as per the following procedures based on local time for possible reassignment:
 - 11.12.03.02.03.01 At 1900 hours the day prior to the normal working day and at 0900 hours on the working day.

- 11.12.03.02.03.02 Should a pilot not be assigned flying at 1900 hours, he will not be required to contact Crew Scheduling until 0900 hours the following day and will not be subject to assigned flying which departs prior to 1300 hours on that day.
- 11.12.03.02.03.03 Should a pilot not be assigned flying at 0900 hours, he will not be required to contact Crew Scheduling unless he is subject to reassignment the following day in which case he will have to contact Crew Scheduling at 1900 hours.
- 11.12.03.02.03.04 Subsequent days will be subject to the same procedures as in 11.12.03.02.03.02 and 11.12.03.02.03.03.
- 11.12.03.02.03.05 Pilots unable to contact Crew Scheduling at these hours due to flight assignments will contact Crew Scheduling on arrival at home base.
- 11.12.03.02.03.06 The 0900 hour call to Crew Scheduling may be made earlier should waiting until 0900 interfere with crew rest (i.e. arrival after all night operation).

11.12.03.03 **Immediate Make-up**

- 11.12.03.03.01 A pilot on pay protection may be placed on immediate make-up and remove any reserve pilot who has been previously assigned flying subject to the limitations provided in this Article.

11.13 It may be necessary to award (assign) flying in advance of the normal award period for special visa, medical or security requirements.

Should a pilot be required to surrender his passport for visa requirements, he will be offered any other flying which will not make him illegal for the flying awarded (assigned) in advance. Should the other flying require the pilot to be in possession of a valid passport, the pilot will be displaced from the other flying. A pilot **so** displaced may be assigned to other flying which will not interfere with the flying awarded (assigned) in advance. Flights assigned may be any flying that operates during the same duty period as the displaced flying.

The pilot will be paid and flight time credited for the displaced flying or the flying actually operated, whichever is greater. The provisions of this Article do not apply to a pilot who has been given adequate notification and opportunity to meet the necessary requirements and has failed to do **so**.

11.14 Flying that becomes available as a result of bereavement leave, compassionate leave, or jury duty may be assigned at Company discretion to Reserve pilots, or at Company discretion may be made available to pilots on make-up.

11.15 On a monthly basis the Company will make available a hard copy of reserve pilot block awards to all pilots within twenty-four (**24**) hours of the block awards. On a daily basis, a hard copy of reserve coverage information will be available in the Flight Planning areas and up-to-date reserve coverage information will be provided via the Cruise Computer.

ARTICLE 12 - DEADHEADING

- 12.01** When a pilot not on flat salary deadheads under Company orders, he shall receive one half (1/2) credit for flight time limitation and pay purposes, one half (1/2) day, one half (1/2) night, based on the actual deadhead time or scheduled time, whichever is the greater, on the flight on which the deadhead took place between the originating and terminating point of the deadhead trip (or computed time where no schedule exists). Pay and credits to be based on pilots present equipment and status. All reserve pilots will receive pay and flight time credit for deadheading when awarded a flight by the Company in which deadheading occurs. When a pilot on flat salary deadheads under Company orders, such deadhead time shall be credited towards his monthly flight time limitation. Pay and credits for deadheading on other than Air Canada flights will be based on published scheduled times.
- 12.02** When a pilot deadheads to his home base as a result of flight consolidation, cancellation, substitution or misconnection, he shall receive full credit for pay purposes one half (1/2) day, one half (1/2) night, based on the actual deadhead time or scheduled time, whichever is the greater, on the flight on which the deadhead took place between the originating and terminating point of the deadhead trip (or computed time where no schedule exists). Credit for flying time limitations will be in accordance with the provisions of 12.01.
- 12.03** A pilot may be required to deadhead to fly the balance of the flight or flights in his block (or assigned or awarded flight or flights) when a portion of the flight is missed because of consolidation, cancellation, substitution or misconnection. Deadhead pay and flight time credits in accordance with Article 12.02 and special duty time and trip time guarantees in accordance with Article 17.10 shall apply.
- Under this provision, a pilot will be required to deadhead to protect the flights in his block except when a double deadhead would result; however, in order to protect reserve coverage, a pilot may be required to deadhead to protect flights in his block even though a double deadhead results.
- 12.04** When a pilot is not required to deadhead to fly the balance of the flight or flights in his block following consolidation, cancellation, substitution or misconnection, he may elect to deadhead in order to fly any flights in his block for which he is legal; however, deadhead pay and credits shall not apply and the special duty time and trip time guarantees shall be applicable only for the flights actually flown. Deadheading, under this provision, may be done only on Company flights and only to domestic terminals.
- 12.05** When a pilot who is a blockholder elects to fly open time which includes deadheading, deadhead pay and credits shall be allowed in accordance with Article 12.01. The special duty time and trip time guarantees shall be applicable.
- 12.06** No pilot in service with the Company will be required to deadhead on a freighter aircraft on a planned basis.
- 12.07** A pilot will not normally be required to deadhead during the silent hours if other Air Canada flights are available. Guarantees will be calculated as if the deadhead actually took place on the flight available during the silent hours.
- 12.08** For the purpose of deadheading to simulator at another base DC-9 rates of pay are applicable in addition to any minimum monthly guarantee or cap.

12.09 A pilot may deadhead on other than designated flights on an individual basis provided permission is obtained from the pilot's Chief Pilot or designate. Requests will be given every consideration, however, there may be occasions when it is not possible to grant this permission.

12.10 The Company will make every effort to assign seats in the F/J class cabin when pilots deadhead on flights that are designated as all economy flights.

12.11 Should a pilot have to deadhead on a flight where smoking is allowed, the Company will ensure that a non-smoking seat is requested, unless the pilot requests otherwise.

12.12 Deadheading on other Carriers:

The Company will provide the following to pilots deadheading on other than Air Canada flights:

Positive J Class (Business Class) and if not available, will then provide the following levels in the following priority:

12.12.01 Fifty percent (50%) First Class if able to guarantee the reservation;

12.12.02 Positive Economy class and waitlisted for J Class (Business Class) and Fifty percent (50%) First Class.

It is understood that a pilot who is waitlisted and is provided an upgrade, will pay for the upgrade and will submit this expense on his normal crew cycle expense claim.

ARTICLE 13 - NEW EQUIPMENT

13.01 The hourly, mileage and gross weight rates specified in this Agreement apply only to the equipment specified herein. One (1) year prior to the anticipated date of introduction of a new type of equipment to regular airline operation and regardless of the provisions of Article 36 of this Agreement, conferences may be requested by either party for the purpose of negotiating rates of compensation, rules and working conditions which shall apply to such equipment. Conferences shall begin within thirty (30) days after a request for a conference has been made, unless otherwise mutually agreed upon between the Company and the Association. Failing settlement, provisions of the Canada Labour code will apply. No vacancies will be posted until all pay rates, rules and working conditions associated with the new equipment have been established.

13.02 The Company will provide the Association with advance information on the introduction of any future freighter aircraft.

At this time, the Company will commence consultation with the Association regarding the planning for washroom facilities, galley set-ups and other associated pilot amenities on board in future freighter aircraft to ensure a satisfactory level of comfort, hygiene and safety prior to the introduction of the airplane into service.

13.03 The A340 crew bunks will be located immediately behind the cockpit area as recommended by Airbus Industry.

13.04 The Company and the Association agree to enter into discussions to establish pay and working conditions, should it be necessary to re-introduce previously operated Air Canada aircraft types.

ARTICLE 14 – TRAINING AND RELOCATION PAY

14.01 Training Pay – Blockholders and Reserves

- 14.01.01 A pilot removed from his monthly block assignment for Aircraft Transition, Re-qualification, or Upgrade Training (ground school, simulator, flight training, and/or any necessary additional training), shall be credited with two hours thirty-six (2:36) for flight time limitation and pay purposes for each calendar day of training including overseas and nav-aid pay. This daily average pay shall be adjusted to include negotiated pay increases and any incremental pay increases.
- 14.01.02 Commencing when a pilot is qualified to be released to the line indoctrination phase of training and ending upon successful completion of his Initial Line Check, for flight time limitation purposes a pilot shall be credited with his actual flying performed including all applicable THG, DPG and deadhead credits. For pay purposes he shall be paid two hours thirty-six minutes (2:36) for each calendar day including overseas and nav-aid pay. This daily average pay shall be adjusted to include negotiated pay increases and any incremental pay increases. Any excess flying time and credits associated with this flying (including DPG, THG and deadhead credits) greater than two hours thirty-six minutes (2:36) times the number of days will be paid at the new position rates.

14.02 Pay - Special

- 14.02.01 A pilot will not be paid for recurrent simulator periods (IPF, LOFT, PPC or AQP recurrent training events) and for one (1) day of Annual Recurrent Training (ART) required to maintain aircraft competency. These unpaid recurrent training events shall be limited to a maximum of 5 days per calendar year. Any additional training resulting from an unsatisfactory or incomplete assessment related to these recurrent training events shall not attract additional pay.

In addition, when a pilot is required to attend any other special training (Annual Recurrent Training in excess of one (1) day, Introduction to Command Training, new aircraft equipment or revised aircraft procedures briefings, etc.) he will be paid four hours (4:00) at one half (1/2) day, one half (1/2) night pay rates. These credits will not be used for flight time limitation purposes nor be part of the minimum guarantee.

- 14.02.02 A pilot assigned to simulator for the sole purpose of completing a crew complement shall be paid four (4) hours, (one half (1/2) day, one half (1/2) night) per session. Pilots on flat salary shall receive this credit on a prorated basis. This credit will not be used for flight time limitations nor be part of the minimum guarantee.
- 14.02.03 If, during the qualifying period for Captain Upgrade, a First Officer is undergoing training on lower-rated equipment than that which he was qualified to fly, or was being paid for in lieu thereof immediately preceding the commencement of the Captain Training Program, his flying pay for each month that he is so assigned will be the greater amount of:
 - 14.02.03.01 His actual flying pay for the month;
 - OR
 - 14.02.03.02 His daily average flying pay for the three (3) block months including overseas and nav-aid pay (exclusive of leave of absence without pay) immediately prior to the commencement of Captain Training. This daily average flying pay shall be adjusted to include negotiated pay increases.

Flighttime credits will be in accordance with actual flying performed.

- 14.02.04 A pilot who for reasons beyond his control is unable to return from his simulator on the calendar day on which the pilot was scheduled to return to his home base shall contact Crew Scheduling. Should Crew Scheduling be unable to arrange travel to the pilot's home base on the planned calendar day, the pilot will receive four hours pay (4:00) at one-half (1/2) day, one-half (1/2) night pay rates. These credits will not be used for flight time limitation purposes nor be part of the minimum guarantee. This provision will not apply to pilots who request and are granted changes to their planned simulator period.
- 14.02.05 A pilot who reports for a scheduled simulator period at home base and for reasons beyond his control is unable to complete such period will receive two hours (2:00) pay at one-half (1/2) day, one-half (1/2) night pay rates. These credits will not be used for flight time limitation purposes nor be part of the minimum guarantee.
- 14.02.06 A pilot who reports for a scheduled simulator period at other than his home base and for reasons beyond his control is unable to complete such period will receive four hours (4:00) pay at one-half (1/2) day, one-half (1/2) night pay rates. These credits will not be used for flight time limitation purposes nor be part of the minimum guarantee.

14.03 Administration

- 14.03.01 The development and monitoring of pilot proficiency standards and the quality of training are the ultimate responsibility of the Company.
- 14.03.02 A pilot shall be entitled to two (2) consecutive days off out of each seven (7) days while in ground school, simulator or flight training. For the purposes of simulator or flight training, these days off shall be midnight to midnight exclusive of travel time.
- 14.03.03 Days off which a pilot is unable to take during training may be accumulated but must be cleared prior to returning to duty at home base.
- 14.03.04 A pilot may elect to forego any part or all of the above days off.
- 14.03.05 A pilot will not be required to fly his previous equipment once he has commenced simulator training on his new equipment.
- 14.03.06 A pilot shall have a minimum of two (2) calendar days off prior to the start of a Transition or Upgrade Training course including a simulator only course. These two (2) calendar days off will be at pilot option and the pilot will receive pay and flight time credits as per Article 14.01. For a transition course with a known start date, these days off will be planned. A pilot who elects to be planned to work the first or both of these optional days must notify crew scheduling of his preference no later than forty-eight (48) hours prior to block closing. After block closing, a pilot electing to forgo the first or both of these optional days off, may do so by notifying crew scheduling. A pilot may, at his option, request an additional day off for the purposes of travelling to training. In such cases, no pay or flight time limitation credits for this travel day will apply and the additional day off must be planned using PBS prior to block close.
- 14.03.07 A pilot shall have a minimum of twenty-four (24) hours rest upon completion of Transition or Upgrade training before commencing line duties. This twenty-four (24) hour period will be at pilot option.

- 14.03.08** A pilot may at Company discretion be scheduled for simulator training, between the hours of **00:59** and **07:00**. Training during this period shall be kept to a minimum. Any unsatisfactory **assessments/failures** during this period will be administered in accordance with Article **14.04**, however, the event will not be counted as an unsatisfactory **assessment/failure** under Article **14.04**
- 14.03.09** A pilot shall not be scheduled for more than eight **(8)** hours of training per calendar day, and shall not be scheduled for more than four **(4)** hours of simulator training per calendar day. Simulator training may be extended to eight **(8)** hours due to simulator breakdown as long as the daily training period does not exceed eight **(8)** hours.
- 14.03.10** All pilots assigned to a simulator period, whether completing crew complement or periodic training, will be subject to normal duty day limitations and/or crew rest as applicable.
- 14.03.11** A pilot assigned to flight simulator for the sole purpose of completing a crew complement will be limited to one **(1)** period of four **(4)** hours per day and may be extended to eight **(8)** hours due to simulator breakdown.
- 14.03. 2** A pilot required to complete a crew complement in the simulator will not have his performance formally assessed. If it is apparent the pilots performance is sub-standard, the pilot will be advised of the situation and given an opportunity to demonstrate his competence. Should this occur, the pilot will be handled in accordance with Article **14.04**.
- 14.03. 3** A pilot on Captain Upgrade Training who has completed the simulator portion of the Transition Training Element, and is required to revert back to a First Officer position shall, where possible, be allowed to complete this training and be promoted before reverting back to First Officer status.
- 14.03.14** A pilot shall not be required to complete any competency or license renewal simulator sessions, or airborne training or checks with other than a qualified Air Canada pilot who holds a position on the Air Canada pilot seniority list as a member of the operating crew.
- 14.03.15** A pilot may request that another Air Canada pilot be present in the Flight Deck or in the simulator as an observer for any proficiency check including a routine instrument flight check. The pilot selected as an observer must be acceptable to both parties.
- 14.03.16** All PPC's, IFT's, Airborne training and checks, and line checks will be completed by an Air Canada Permanent Management Pilot, Acting Check Pilot (ACP) or Acting Flight Instructor (AFI) qualified on type or a Transport Canada Air Carrier Inspector. When an Air Carrier Inspector is conducting the check, the simulator must be operated by an Air Canada Permanent Management Pilot, Acting Check Pilot (ACP) or Acting Flight Instructor (AFI) qualified on type, or the designated Captain on an airborne training or check flight must be an Air Canada Permanent Management Pilot, Acting Check Pilot (ACP) or Acting Flight Instructor (AFI) qualified on type.
- 14.03.17** All line indoctrination will be completed by an Air Canada pilot qualified on type. Where a new aircraft type is being introduced to the Air Canada fleet, a manufacturer's representative may be used for line indoctrination or line checks only until sufficient Air Canada Permanent Management Pilots, Acting Check Pilots (ACP) or Acting Flight Instructors (AFI) are qualified on type.

14.03.18 Simulator crewing will normally be completed with a crew combination of Captain/First Officer. However, at Company discretion, simulator crewing with Captain/Captain, First Officer/First Officer, and/or with Contract Instructors, may be permitted. Any unsatisfactory assessments/failures during this period will be administered in accordance with Article 14.04, however, the event will not be counted as an unsatisfactory assessment/failure under Article 14.04. In the event a pilot has an unsatisfactory assessment/failure during one of these sessions, the pilot will have the option on his subsequent assessment of having a Captain / First Officer crew combination.

No check rides will be permitted with a crew combination involving any Contract Instructor.

14.03.19 Audio-visual recordings taken during LOFT sessions will not be used for pilot monitoring or checking or in any disciplinary action without the written consent of the pilots involved and ACPA. Further, Air Canada agrees that audio-visual recordings of LOFT sessions will be erased in full view of the pilots at the conclusion of the LOFT debriefing.

14.04 Failure Handling Procedures

14.04.01 Transition Training and Recurrent- PPC, IFT, LOFT and Line Check

14.04.01.01 When a pilot's performance is assessed as unsatisfactory or incomplete, the pilot and the Association will be advised and the candidate will be returned to the training department for additional training.

14.04.01.01.01 During this process the pilot candidate will have the option of requesting that a different Air Canada Pilot (Acting Check Pilot, Acting Flight Instructor or Permanent Management Pilot) or Transport Canada ACI conduct the check.

14.04.01.02 In the event that additional training does not result in the candidate's successful completion of the check, a meeting shall be convened with a Permanent Management Pilot, the pilot and an ACPA representative. In addition, an appropriate medical evaluation will be completed to determine if a medical condition exists and is a contributing factor to the candidate's inability to complete the check.

14.04.01.02.01 If, as a result of this medical evaluation, the pilot is assessed as unfit, the pilot will be placed on medical leave until such time as the pilot is considered fit to resume training.

14.04.01.02.02 If, as a result of this medical evaluation, the pilot is assessed as fit, the pilot will continue training until a successful assessment has been achieved.

14.04.01.03 A pilot, assessed as unsuccessful during transition training shall have the option of either completing the steps in 14.04.01.01 and 14.04.01.02 or returning to his previous position.

14.04.01.03.01 If the pilot chooses to return to his previous position, he will be paid at the appropriate rates for the position that he is qualified for and will be frozen from bidding on a vacancy for a period of thirty-six (36) months from the date of re-qualification to his previous position.

14.04.01.03.02 If, at the end of the thirty-six (36) month freeze, the pilot is awarded a vacancy but is subsequently unsuccessful, he will be returned to his previous position and will be frozen from bidding on a vacancy for a period of sixty (60) months from the date of re-qualification to his previous position.

14.04.01.03.03 In the event that the pilot's previous position is no longer in the fleet plan, he will be entitled to bid any lower rated position.

14.04.02 **Captain Upgrade Training**

14.04.02.01 The Captain Upgrade Training Program, under the direction of the Flight Operations Training Department, is comprised of two distinct elements; Transition Training and Command Indoctrination.

Transition Training Element - includes all aircraft qualification training up to and including successful completion of the appropriate qualification check. (#1 PPC or 1A/1B)

Command Indoctrination Element - begins with line indoctrination training and continues up to and including successful completion of the Command Final Line Check.

14.04.02.02 A pilot who fails to qualify during the Transition Training Element shall be handled in accordance with Article 14.04.01.03

14.04.02.03 The number of failures in both the Transition and Command Indoctrination elements of the Captain Training Program are cumulative to a maximum of three (3). Following a second unsatisfactory assessment a meeting shall be convened with a Permanent Management Pilot, the pilot and an ACPA representative. In addition an appropriate medical evaluation will be completed to determine if a medical condition exists and is a contributing factor to the candidate's inability to complete the check.

14.04.02.03.01 If, as a result of this medical evaluation, the pilot is assessed as unfit, the pilot will be placed on medical leave until such time as the pilot is considered fit to resume training.

14.04.02.03.02 If, as a result of this medical evaluation, the pilot is assessed as fit, the pilot will return to training.

14.04.02.04 After a third unsatisfactory assessment the pilot will return to his previous position.

14.04.02.04.01 A pilot returning to his previous position will be frozen from bidding on a Captain vacancy for a period of thirty-six (36) months from the date of re-qualification to that position.

14.04.02.04.02 If, after the thirty-six (36) month freeze, the pilot bids another Captain upgrade course and is unsuccessful, he may be returned to his previous position and will be restricted to First Officer status for the remainder of his career.

14.04.02.04.03 In the event that the pilot's previous equipment is no longer in the fleet plan, he will be entitled to bid any lower rated position.

14.04.03 A pilot undergoing Captain upgrade training will have the option of terminating training and returning to his previous position anytime after his first unsuccessful assessment. The pilot returning to his previous position will be frozen from bidding for a period of thirty-six (36) months from the date of re-qualification on that position.

14.04.04 Second Officer/Relief Pilot to First Officer Initial Upgrade

14.04.04.01 A pilot assessed as unsuccessful during Second Officer/Relief Pilot to First Officer transition training will have the option of either completing the applicable steps in 14.04.01.01 and 14.04.01.02 or returning to his previous position anytime after his first failure.

14.04.04.01.01 If the pilot chooses to return to his previous position, he will be paid at the appropriate rates for the position that he is qualified on and will be frozen from bidding on a vacancy for a period of thirty-six (36) months from the date of re-qualification to his previous position.

14.04.04.01.02 If, at the end of the thirty-six (36) month freeze, the pilot is awarded a vacancy but is subsequently unsuccessful, he will be returned to his previous position and will be frozen from bidding on a vacancy for a period of sixty (60) months from the date of re-qualification to his previous position.

14.04.04.01.03 In the event that the pilot's previous position is no longer in the fleet plan, he will be entitled to bid any lower rated position.

14.05 Career Re-Orientation Plan

14.05.01 A pilot who fails to maintain or achieve competency and, as a result, whose services with the Company are terminated, shall be paid the following allowances:

- 5 weeks for the first three years, prorated;
- 3 weeks per year, prorated until the maximum of 52 weeks has been reached.

The maximum benefit of 52 weeks will be reduced by six (6) weeks per year, prorated commencing on the pilot's 51st birthday. This allowance shall be based on the average daily earnings of the last twelve (12) full calendar months prior to the effective date of termination.

The rate of pay shall be the average daily earnings of the last twelve (12) full calendar months on the equipment and status held immediately prior to the competency problem.

14.05.02 The above allowances shall not apply to a pilot who is on probation

14.05.03 A pilot will become eligible upon commencing his third year of employment with the Company at which time his past service will accrue.

14.05.04 The provisions of the plan will not apply where the service will terminate because of resignation, normal or early retirement, medical or health reasons, or discharge as a result of willful misconduct.

14.05.05 Should a pilot otherwise entitled to the benefits of this plan accept alternate employment with the Company, he shall forfeit any claim to the above allowances.

14.05.06 This Agreement shall have no effect on the rights of the individual under the terms of the Collective Agreement.

14.05.07 The payment of a Career Re-Orientation Allowance, as defined under the Collective Agreement, to a pilot grounded for competency reasons, shall not affect his eligibility for an early retirement pension, provided he has attained the necessary age and service; nor shall it affect the pass privileges that apply to a retired employee.

ARTICLE 15 - UNIFORMS

- 15.01** The Company will arrange for the manufacture and supply of pilot uniforms. The cost of a uniform, including raincoat/topcoat, tunic and trousers, to be borne one half (1/2) by the Company and one half (1/2) by the pilot. The pilot will pay no more for a uniform and uniform accessories than is currently being charged as at April 1st, 1996 for the duration of this Contract. The Company share of the raincoat/topcoat shall be limited to one (1) every three (3) years. Two (2) extra pairs of trousers may be supplied with each uniform at the option of the pilot. The pilot's share of the uniform cost will be recovered through payroll deductions at one percent (1%) of gross monthly pay for all pilots not on flat salary and \$25.00 per month for pilots on flat salary.
- 15.01.01 The Company will arrange for the manufacture and supply of, one (1) raincoat/topcoat, one (1) tunic with three (3) pairs of trousers and four (4) shirts for all new hire pilots.
- 15.02** Uniform Accessories - The Company will supply or assume the cost of buttons, braid, badges, uniform cap and insignia, as prescribed by the Company.
- 15.03** The Company will supply one suitcase every five (5) years, as prescribed by the Company, and to be used while on duty.
- 15.04** The Company will supply two (2) shirts per year at no cost to the pilot and up to an additional six (6) shirts per year at 50% cost to the pilot, in accordance with uniform standards as prescribed by the Company.
- 15.05** The Company will provide an allowance of one hundred fifty dollars (\$150.00) to each pilot every two (2) years for the purchase of shoes on the condition that they conform to uniform standards as prescribed by the Company.
- 15.06** The pilot will supply and assume the cost of socks and ties to standards prescribed by the Company.
- 15.07** A uniform maintenance expense shall be paid to all pilots from the beginning of line assignment. This expense will not be paid during any period of leave of absence without pay. Effective April 2, 2000, this allowance shall be \$45.00 per month.
- 15.08** Considering the acceptability of uniforms to be an important matter, the Company will hold a full consultation with an Association representative prior to making any change in the style, colour or material of the uniform.
- 15.09** As required and upon request, the Company shall provide a maternity uniform. The pilot shall contribute the same dollar amount for the maternity uniform that she would pay for a regular uniform as outlined in 15.01.

ARTICLE 16 – EXPENSES

16.01 Flight Duty - Pilots, when away from domicile on flight duty or when deadheading under orders from the Company, will be allowed reasonable and necessary expenses for rooms, meals, and transportation, the facilities and accommodation provided by the Company to be used whenever practical.

16.02 Effective April 2, 2000 expense allowances shall be as follows:

16.02.01 In Canada and the United States:

Breakfast	\$12.87
Lunch	\$14.58
Dinner	\$28.88
Snack	<u>\$7.54</u>
	\$63.87 Cdn. Funds

(US expenses shall be adjusted monthly to reflect a reasonable exchange rate effective at that time.)

16.02.02 For all other locations the meal allowance shall be reviewed quarterly in consultation with the Association to cover the reasonable cost of meals at those locations.

In establishing these meal allowances, the rates of exchange and changes in the "cost of food at that location" shall be used in the calculation of these meal allowances. However, the meal allowances will not be less than those specified in the Collective Agreement.

16.02.03 For each round trip to the airport at his home base for flight duty, periodic training, annual briefing, medical and ground school, a transportation expense shall be paid as follows:

\$4.30

Montreal based pilots required to make a round trip to Mirabel for such purposes shall be paid a transportation expense of seventeen dollars (\$17.00).

16.02.04 For flights involving hotel accommodation, a check in and gratuity allowance shall be paid as follows:

\$4.10

This allowance shall apply for each additional night of hotel accommodation.

16.02.05 For flights involving time away from home base in excess of one hundred and twenty (120) hours, an allowance for each complete twenty-four (24) hour period thereafter shall apply as follows.

\$10.00

16.03 Meals and Accommodations Standards Committee (MASC)

- 16.03.01 A Meals and Accommodations Standards Committee (MASC) comprised of Company and Association representatives will meet quarterly or otherwise as required for the purpose of updating the guidelines for on-board meals contained in 16.04, hotel accommodations and home base parking.

Where standards involving quality, quantity and/or variety of the meals are deemed to be deficient or deteriorating, it will be reported to the Company in writing. The Company shall, within thirty (30) days investigate the situation and take appropriate action.

- 16.03.02 Unless otherwise agreed to by the MASC, inflight meals for operating pilots on Company aircraft will be boarded in accordance with Article 16.04.
- 16.03.03 Prior to establishing, changing or renewing hotel accommodations, the Company shall consult with the members of the MASC.
- 16.03.04 The MASC will develop a list of suitable hotels at both airport and downtown locations for each layover point.

The Company commits that, when selecting layover accommodations under this Article it will be guided by the following:

Location:

- (a) ACPA order of preference
- (b) Length of the off-duty layover (Time)
- (c) Transportation factors (Time, Quality, Cost)
- (d) Availability of suitable accommodation at either location

Hotel:

- (a) ACPA order of preference
- (b) Safety/Security issues
- (c) Quality
- (d) Availability
- (e) Cost comparison

- 16.03.05 When any significant substantiated deterioration of accommodation is reported in writing by the MASC, the Company shall, within thirty (30) days investigate the situation and take appropriate action.
- 16.03.06 In the event ACPA and the Company representatives cannot reach agreement on the suitability of any specific hotel as in 16.03.04 and 16.03.05 above, ACPA shall provide reasons in writing to the Vice- President, Flight Operations. The MEC Chairman and the Vice-president, Flight Operations shall meet and resolve the matter.
- 16.03.07 The MASC will monitor and develop guidelines for home base parking including:
- 16.03.07.01 Transportation to and from the facility.
 - 16.03.07.02 Security.
 - 16.03.07.03 Access control.
 - 16.03.07.04 Proper storage of luggage on buses.
 - 16.03.07.05 Travel times to & from the flight planning location.
 - 16.03.07.06 Cost.

16.04 Pilot Crew Meal Guidelines

16.04.01 Overview

Recognizing all aspects of Flight Safety as its primary objective, Flight Operations will ensure balanced meals are provided to the pilots at regular intervals. The casserole portion of the meals will be 'J' class casseroles for hot breakfast, lunch and dinner. Whenever possible, meals will be boarded according to the pilots normal eating periods, thereby satisfying the nutritional needs of the operating crews.

The type of in-flight meal boarded will depend on the time of day at the departure station and follow the normal breakfast, lunch, dinner sequence or part thereof.

All meal periods at a subsequent layover point will automatically revert to the local time upon arrival.

Flight Operations will attempt to keep meal intervals to a five (5) hour maximum and at the appropriate "reasonable meal hours" as described herein.

16.04.02 Meal Periods

Breakfast - Up to 0830
Lunch - 1200 to 1330
Dinner - 1730 to 1930

16.04.03 Flight Leg Lengths and Ground Times

16.04.03.01 Hot meals will only be boarded on flight legs of 1:35 or more.

16.04.03.02 A minimum ground time of 1:15 domestic and 1:30 transborder is required in order to eat a proper meal between flights.

16.04.03.03 Whenever the ground time between flights is less than 1:15/1:30 and the boarding of a hot meal on the next flight leg is not feasible (less than 1:35 flight time), a sandwich snack will be boarded.

16.04.04 Breakfast Guidelines

16.04.04.01 A cold breakfast will be boarded for all departures up to 0830 inclusive. No breakfast allowance will be paid out of home base.

16.04.05 Lunch Guidelines

16.04.05.01 A hot meal will be boarded on all flight legs (min. 1:35) which operate over the lunch period (1200 to 1330). A sandwich snack will be boarded for flight legs less than 1:35.

16.04.05.02 Pilots terminating duty at home base will be paid the lunch allowance for arrivals of 1230 or later (local time), providing the applicable meal was not already boarded on a previous flight leg.

16.04.06 Dinner Guidelines

16.04.06.01 A hot meal will be boarded on all flight legs (min. 1:35) which operate over the dinner period (1730 to 1930). A sandwich snack will be boarded for flight legs less than 1:35.

16.04.06.02 Pilots terminating duty at home base will be paid the dinner allowance for arrivals of 1830 or later (local time), providing the applicable meal was not already boarded on a previous flight leg.

16.04.07 Snacks

16.04.07.01 A snack allowance will be paid whenever a legal layover extends through the hour of 0200 local time.

16.04.07.02 Sandwich snacks will be boarded in addition to a hot meal on certain longhaul flights (overseas/global).

16.04.08 Bottled Water

16.04.08.01 A 1 litre bottle of water will be boarded for each pilot for each 8 hours on duty or portion thereof.

16.04.09 Domestic Freighter Guidelines

16.04.09.01 For overnight operations (2030 to 0700), a hot dinner and hot breakfast along with a fruit box and bottled water for each pilot will be boarded. For operations with three (3) legs or more, Flight Operations will endeavor to board the hot dinner on the first leg and the hot breakfast on the last leg prior to destination.

16.04.10 Nighthawk Operations (2000 to 0700)

16.04.10.01 A hot meal and fruit box for each pilot will be boarded for the outbound leg and a hot breakfast will be boarded for the return leg.

16.04.10.02 If the ground time prior to the return leg exceeds 2:00 hours, a snack allowance will be paid.

16.04.11 Symbols

16.04.11.01 The following symbols appear on the monthly pairing sheets to indicate food service boarded for pilot consumption.

HB - Hot Breakfast
CB - Cold Breakfast
HM - Hot Meal
HL - Hot Lunch
HD - Hot Dinner
FB - Fruit Box
2F - 2 Fruit Boxes
SS - Sandwich Snack

16.04.12

16.04.12.01 These guidelines are meant to cover the majority of situations. Some adjustments to the meals boarded and/or allowances may be required on certain routes in order to maintain proper nutrition.

16.04.12.02 Pilots requesting an adjustment should contact their LEC Accommodation and Meal representative, who will present the request to the General Manager, Crew Scheduling and Flight Operations, for approval.

16.05 Training - Pilots when away from home domicile on training courses shall be allowed reasonable and necessary expenses for rooms and transportation. Meal expenses shall be as in Article 16.02.01 and 16.02.04.

16.06 Any fees assessed by Transport Canada for the purpose of attaining or maintaining pilot licensing qualification to operate Air Canada aircraft will be paid for by the Company.

16.07 Moving Expenses

16.07.01 Pilots when transferring from one station to another at Company request, will be allowed moving expenses for normal personal and household effects.

16.07.02 Pilots, when transferring from one station to another at their own request, or as successful base bidders, will bear their own expenses.

16.07.03 Pilots, making mutual transfers with the joint approval of the Company and the Association, or otherwise transferring at their own expense, shall be provided space available transportation for themselves and dependent members of their families to the extent permitted by law.

16.07.04 Pilots, temporarily or permanently transferred from one base to another at Company request, shall be allowed temporary or permanent transfer expenses, as the case may be, of not less than those provided in the Company's Regulations Manual.

16.07.05 Successful bidders on pilot vacancies to newly established or re-established bases shall be considered as having been moved at Company request.

16.07.06 Pilots may be allowed additional expenses when special occasions arise, subject to the approval of the Company.

16.07.07 A pilot, when transferring from one base to another at Company request, shall be allowed a reasonable period of travelling time, during which he will be allowed expenses in accordance with the Company's Regulations Manual.

ARTICLE 17 – HOURS OF SERVICE

17.01 General Flex

- 17.01.01 For all aircraft types except the A319/320/321 fleet, the Company shall designate any month in the calendar year in which the monthly maximum shall be in the range of seventy (70) to eighty-five (85) hours. For the A319/320/321 fleet the Company shall designate any month in the year in which the monthly maximum shall be in the range of seventy (70) to eighty-seven (87) hours. This flying may be designated in units of one (1) hour or more up to the maximum of eighty-five (85) hours (eighty-seven (87) hours for the A319/320/321 fleet). The following provisions will apply to the designated months.
- 17.01.01.01 The Association will be given as much notice as possible of the increase/decrease and the designated monthly maximum will not be changed once the pairing package is issued.
- 17.01.01.02 The designated months may be applied by:
- 17.01.01.02.01 Equipment
 - 17.01.01.02.02 Equipment by base
 - 17.01.01.02.03 Equipment by status
- 17.01.01.03 The designated months will be limited as follows:
- 17.01.01.03.01 For all aircraft types except the A319/320/321 fleet, the annual calendar total maximum hours must fall in the range of nine hundred (900:00) to nine hundred ninety-six (996:00) hours for each equipment type and status. For the A319/320/321 fleet the annual calendar total maximum hours must fall in the range of nine hundred (900:00) to one thousand twenty (1020:00) hours for each status.
- 17.01.01.03.02 For all aircraft types except the A319/320/321 fleet, the difference between the designated monthly maximum of the same equipment at different bases will not exceed two (2:00) hours monthly and sixteen hours (16:00) annually. For the A319/320/321 fleet the designated monthly maximum at different bases will not exceed four (4:00) hours monthly and thirty-six (36:00) hours annually. There will be no restrictions by status on the same equipment.
- 17.01.01.04 The minimum guarantee will be as per Article 10.
- 17.01.01.05 DPG will be applicable as detailed in Article 17.10.
- 17.01.01.06 Pilots on flat salary will have an hourly rate established by dividing their applicable monthly rate by seventy-eight (78). This hourly rate will be paid for those hours flown in excess of seventy-eight (78) hours up to the designated monthly maximum. At no time will they earn less than their applicable monthly rate regardless of the designated monthly maximum.
- 17.01.01.07 Flight time limitations for leaves of absence will be one thirtieth (1/30th) of the designated monthly maximum.
- 17.01.02 Notwithstanding the provisions of 17.01.01, the following additional provisions shall apply:

Legalities

- 17.01.02.01 The term "legal" shall mean that the pilot concerned is qualified for the assignment, he has had the necessary off-duty rest periods, he is not on a designated forty-eight hour (48:00) or seventy-two hour (72:00) off-duty period, his projected flying time is within the allowable maximum, and in the case of a blockholder, he will be available to cover his next sequence of flights. When a Captain or First Officer is completing equipment conversion training he shall be considered as qualified under the terms of this paragraph to bid on First Officer open flying in accordance with his base seniority provided that an ACP, AFI, LITC or Permanent Management Pilot is to be designated as Captain of the flight(s). The above will be applicable to a Second Officer bidding on Second Officer open flying provided an ACP, AFI, LITC or Permanent Management Pilot qualified to operate the panel is scheduled to flight deck duty.
- 17.01.02.02 Make-up, drafted or reserve flying may not be awarded if the total planned block projection exceeds the Designated Monthly Maximum (DMM) plus Variable Flying Hours (VFH). This DMM plus VFH may increase up to the maximum planned Mandatory Block Projection as a result of irregular operations and/or block growth.
- 17.01.02.03 If after being awarded make-up or drafted legally, the pilot gains additional time, he is still legal for all remaining blocked flying up to the Maximum Planned Mandatory Block Projection.
- 17.01.02.04 Legal to start legal to finish:
Once a pilot legally commences a pairing, he shall complete that pairing regardless of subsequently accrued flight time as a result of irregular operations and or block growth. This provision will not be used for the purposes of modifying a pairing to increase a pilots flying credits as a result of insufficient crew coverage.
- 17.01.02.05 When a pilot is planned for vacation for a part of a month, the credits for the vacation period will be deemed to have already been accrued for the purpose of determining all legalities.
- 17.01.02.06 No pilot shall commence a pairing if the DMM has been met or exceeded, or if the total block projection is planned to exceed the Maximum Mandatory Block Projection per the table below.
- 17.01.02.07 A blockholder who is required to pick-up the balance of his assigned or awarded pairing will be eligible only for open flying which will not affect his availability for his assigned or awarded flights.
- 17.01.02.08 In order to operate a pairing over the month end, a pilot must be legal in both months in accordance with the provisions above.

MMG Block / Reserve	DMM	VFH	Maximum Planned M/U Draft or Reserve	Maximum Planned Mandatory Block Projection
60 / 65	70	7	77	79
60 / 65	71	7	78	80
63 / 67	72	7	79	81
63 / 67	73	7	80	82
63 / 67	74	7	81	83
64 / 68	75	7	82	84
65 / 69	76	7	83	85
66 / 70	77	7	84	86
66 / 70	78	7	85	87
67 / 71	79	7	86	88
68 / 72	80	7	87	89
69 / 73	81	7	88	90
70 / 74	82	6	88	90
71 / 75	83	5	88	90
72 / 76	84	4	88	90
73 / 77	85	3	88	90
74 / 78 *	86 *	2 *	88 *	90 *
75 / 79 *	87 *	1 *	88 *	90 *

* Applicable to the A319/320/321 fleet only.

- 17.01.03 For determining compliance with the monthly maximum hours specified herein, the method used for computing flight time shall be as specified in Article 7.01 with respect to computing hours for pay purposes, in addition to other flight time credits specified in this Agreement.
- 17.01.04 The Company agrees to provide means at each base for accurately recording the time flown by each pilot during his current month, and to make this record conveniently available to the pilots.

17.02 Voluntary Make-up

A pilot holding a block selection shall, provided he is "legal", be permitted to pick up "open" flying which is available at his base throughout the block month, provided the projected block total plus the awarded make-up flying is at or under DMM plus VFH.

A pairing awarded to a blockholder on make-up will be considered as part of the pilot's block once awarded.

17.03 Duty Time – General

17.03.01 A flight duty period shall be determined as follows:

- 17.03.01.01 When Operating - the flight duty period shall commence one (1) hour and fifteen (15) minutes prior to the scheduled departure, or the required reporting time, whichever is later, and shall end fifteen (15) minutes after actual arrival.

17.03.01.02 When Deadheading

17.03.01.02.01 From Canadian Airports To Canadian Airports - the flight duty period shall commence thirty (30) minutes prior to the scheduled departure, or the required reporting time, whichever is later, and shall end fifteen (15) minutes after actual arrival of the designated flight.

17.03.01.02.02 From Canadian Airports To Non-Canadian Airports - the flight duty period shall commence one (1) hour prior to scheduled departure, or the required reporting time, whichever is later, and shall end fifteen (15) minutes after actual arrival of the designated flight.

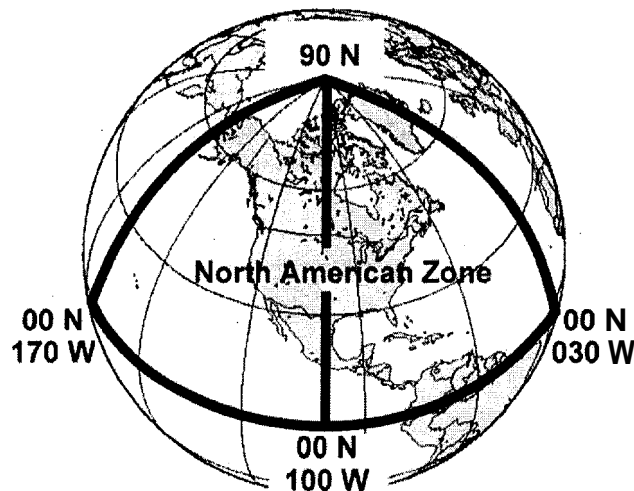
17.03.01.02.03 From Overseas Operations Airports To Any Airport - the flight duty period shall commence one (1) hour prior to the scheduled departure, or the required reporting time, whichever is later, and shall end fifteen (15) minutes after actual arrival of the designated flight.

17.03.01.02.04 From All Other Airports To Any Airport- the flight duty period shall commence thirty (30) minutes prior to the scheduled departure, or the required reporting time, whichever is later, and shall end fifteen (15) minutes after actual arrival of the designated flight.

17.03.0 .03 **North American Zone**

17.03.0 .03.01 The North American Zone is bounded by 30W, 170W and the equator.

17.03.0 .03.02 Map of the North American Zone



17.03.02 **Flight Duty Period - Basic and Augmented Crew Inside the North American Zone**

17.03.02.01 Pairings created by both the Crew Planning Department and the Crew Scheduling Department will be planned using the rules outlined below when all points within a flight duty period are inside the North American Zone.

17.03.02.02 Basic Limitations: The maximum scheduled flight duty period will be governed in accordance with local time at commencement of the flight duty period and the following rules:

17.03.02.02.01 **FLIGHT DUTY PERIODS COMMENCING BETWEEN 0500-1659**

17.03.02.02.01.01 Maximum flight duty period will be limited to thirteen (13) hours. In cases where the flight duty period does not exceed three (3) planned flight legs, the maximum flight duty period may be scheduled to fourteen (14) hours, provided the flight duty period starts and stops within the home base time zone and the preceding rest period is twelve (12) hours or more.

17.03.02.02.01.02 First landing after 0200 will terminate the flight duty period.

17.03.02.02.02 **FLIGHT DUTY PERIODS COMMENCING BETWEEN 1700-1929**

17.03.02.02.02.01 Maximum flight duty period will be limited to twelve (12) hours.

17.03.02.02.02.02 First landing after 0200 will terminate the flight duty period.

17.03.02.02.03 **FLIGHT DUTY PERIODS COMMENCING BETWEEN 1930-2159**

17.03.02.02.03.01 Maximum flight duty period will be limited to eleven (11) hours.

17.03.02.02.03.02 First landing after 0200 will terminate the flight duty period except flight duty periods which do not exceed either:

17.03.02.02.03.02.01 ten (10) hours and two (2) planned flight legs

17.03.02.02.03.02.02 nine (9) hours and three (3) planned flight legs

17.03.02.02.04 **FLIGHT DUTY PERIODS COMMENCING BETWEEN 2200-0459**

17.03.02.02.04.01 The preceding rest period must be twelve (12) hrs or more.

17.03.02.02.04.02 Maximum flight duty period will be limited to

17.03.02.02.04.02.01 ten (10) hours and two (2) planned flight legs

17.03.02.02.04.02.02 nine (9) hours and three (3) planned flight legs

17.03.02.02.04.03 First landing after 0600 will terminate the flight duty period with the exception of flight duty periods commenced at 0400 or later.

17.03.02.03 **Specific Limitations**

Notwithstanding the Basic Limitations in Article 17.03.02.02, the following additional rules will apply:

17.03.02.03.01 Flight duty periods on the DC-9 and CL-65 aircraft will not be planned in excess of twelve (12) hours.

17.03.02.03.02 On two-pilot aircraft, for flight duty periods finishing four (4) or more one (1) hour time zones from the starting flight duty time zone, the maximum planned flight duty period shall be twelve (12) hours and limited to two (2) planned flight legs.

- 17.03.02.03.03 The company shall not carry out any turnarounds between the Hawaiian Islands and the North American mainland.
- 17.03.02.04 Notwithstanding the Basic and Specific Limitations in Article 17.03.02.02 and 17.03.02.03, for domestic operations only, any flight duty period commencing between 1900 and 2159 inclusive, may be scheduled for up to a maximum of twelve (12) hours provided:
- 17.03.02.04.01 the flight duty period is broken by an airport layover of five (5) hours or more.
- 17.03.02.04.02 the flight(s) operate from a pilot's crew base to the layover point directly (may include an enroute landing) and return directly to that crew base (non-standard layover).
- 17.03.02.05 Provided the flight duty time, excluding additional time for deadhead on the last leg(s), is completed within the maximum flight duty periods described in Article 17.03.02, and the deadhead flight departs no later than two and one half hours (2 ½) after the arrival of the last flight operated, the maximum flight duty period may be extended for a maximum of two (2) hours for the purpose of deadheading to home base or to a layover point.
- 17.03.02.06 A pilot may be scheduled for a flight duty period of up to eighteen (18) hours, provided the flight duty period consists of only a direct flight with a maximum of two (2) planned deadhead legs.
- 17.03.02.07 Except for the CL-65, in cases where a flight duty period exceeds five (5) planned flight legs, the maximum flight duty period will be reduced by one (1) hour for each landing in excess of five (5). In cases where the CL-65 flight duty period exceeds eight (8) planned flight legs, the maximum flight duty period will be reduced by one (1) hour for each landing in excess of eight (8).
- 17.03.02.08 Flight duty periods in excess of those specified in Article 17.03.02 may be scheduled subject to agreement within PEAC.
- 17.03.02.09 A pilot who undergoes periodic training prior to line flying shall be considered as on flight duty for flight duty period limitation purposes only, from the time he is required to report for training or as detailed in Article 17.03.01.02 prior to a deadhead movement to the training location, whichever is earlier. Special flight time and pay credits will commence at the reporting time for line flying as per Article 17.03.02.
- 17.03.02.10 Pilots based at a "To-Terminal" who originate and terminate at the "Co-Terminals", will have an agreed travel time added to the beginning or end of the flight duty period for the purpose of flight duty period limitations as defined in Article 17.03 and Special flight time and pay credits as defined in Article 17.10, Expeditious Transportation, will be provided by the Company.
- 17.03.02.11 Whenever a crew must deadhead between CO-Terminal airports as part of a flight duty period, they will be paid and flight time credited for the agreed-upon travelling time between these airports as per Article 12. These times, as shown in SR9.06, will also be used to plan the pairings involving this movement.

- 17.03.02.12 If a crew is augmented by an Augmentation Pilot or a Relief Pilot the maximum flight duty period time will be planned as indicated below subject to the availability of an onboard crew rest facility, either a flight relief seat, or a flight relief bunk and one "J" class seat, or a flight relief bunk and 1 row (3 seats) of economy seats only on all economy configured aircraft.
- 17.03.02.12.01 For A-340 aircraft the designated one (1) "J" class seat may be occupied by a full revenue passenger in the event the "J" class cabin is full. In all other cases this seat will be reserved for the use of the operating crew.
- 17.03.02.12.02 A330-300 aircraft
- 17.03.02.12.02.01 The A330-300 may not be scheduled on any route which has a stage length in excess of ten (10) hours, thirty (30) minutes, notwithstanding, an A330-300 may be used on such a flight in order to replace another aircraft type due to mechanical or misconnection. Anytime the A330-300 is substituted on a route where augmentation is required, the flight relief seat required will be a single non-adjointing "J" class seat or two (2) adjoining "J" class seats. The specific seats required will be determined by PEAC. The A330-300 cannot be used on a route where a bunk is required.
- 17.03.02.12.02.02 Notwithstanding 17.03.02.12.02.01 above, up to eight A330-300 aircraft may be scheduled on routes where single augmentation is required. The flight relief seat required will be a single non-adjointing "J" class seat or two (2) adjoining "J" class seats. The specific seats required will be determined by PEAC. The "J" seats as configured on June 1, 2003 on the A330-300 aircraft with the addition of flight relief seat equipment as configured on the B767ER aircraft constitutes the crew relief seat for the purpose of this paragraph. The A330-300 cannot be used on a route where a bunk is required.
- 17.03.02.12.03 For planned flight duty periods exceeding the basic limitations in Article 17.03.02 on North American and Caribbean operations utilizing A319/320, B767 and A330 aircraft not equipped with an onboard crew rest facility, one (1) additional crew member extends the planned flight duty period to a maximum of twelve (12) hours and limits the number of legs to two (2) provided the Augment or Relief pilot is provided with two (2) adjoining "J" class seats.
- 17.03.02.12.04 For planned flight duty periods exceeding the basic limitations in Article 17.03.02, on North American and Caribbean operations utilizing aircraft equipped with an onboard crew rest facility, one (1) additional crew member extends the planned flight duty period to a maximum of fourteen (14) hours and limits the number of legs to two (2).
- 17.03.02.13 Once a pairing has been started the following rules will apply:
- 17.03.02.13.01 In the event of operational delays, these maximum flight duty periods may be extended for up to two (2) hours with the concurrence of the flight crew.
- 17.03.02.13.02 A pilot deadheading under the provisions of Article 17.03.02.05 and 17.03.02.06 above may elect to exceed the limitations and all special flight time and pay credits as per Article 17.10 shall continue to accrue. Should a pilot not elect to exceed these limits, special flight time and pay credits shall apply until his actual arrival at home base or layover point.

17.03.02.14 **Basic Crew Flight Duty Period Limitations Chart - Inside North American Zone**

D/H		L	E	G	S	
2	1	2	3	4	5	6+

LOCAL START TIME

0500 – 1659	18	13*	13*	13*	13	13	~12
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Following rest period of 12 hrs or more, flight duty may be extended to 14 hrs, provided the flight duty period starts and stops within the home base time zone.

- First landing after 0200 terminates flight duty.

1700 – 1929	18	12	12	12	12	12	~11
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- First landing after 0200 terminates flight duty.

1930 – 2159	18	11	11	11	11	11	~10
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- First landing after 0200 terminates flight duty except for periods which do not exceed either:
 - 10 hrs and 2 legs, or
 - 9 hrs and 3 legs

2200 – 0459	18	10	10	9	N/A	N/A	N/A
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- Preceding rest period must be 12 hrs or more.
- First landing after 0600 terminates flight duty period, except for flight duty periods which commence 0400 or later.

IN ADDITION

- DC-9 CL-65 limited to 12 hrs
- 2 pilot, 4 or more time zones limited to 12 hrs - 2 legs
- 1900 - 2159 with 5 hr airport layover allowable to 12 hrs from/to home base
- D/H on direct flights with a maximum of 2 planned legs allowed up to 18 hrs.
- Except CL-65, all flight duty period limits reduced by 1 hr for each planned flight leg over 5. (All CL-65 flight duty period limits reduced by 1 hr for each planned flight leg over 8)
- In the event of operational delays, these maximum flight duty periods may be extended for up to two (2) hours with the concurrence of the flight crew.

17.03.03 **Flight Duty Period - Basic and Augmented Crew Outside the North American Zone**

17.03.03.01 Pairings created by both the Crew Planning Department and the Crew Scheduling Department will be planned using the rules outlined below whenever any point within a duty period lies outside the North American Zone.

- 17.03.03.02 A330-300 aircraft
- 17.03.03.02.01 The A330-300 may not be scheduled on any route which has a stage length in excess of ten (10) hours, thirty (30) minutes, notwithstanding, an A330-300 may be used on such a flight in order to replace another aircraft type due to mechanical or misconnection. Anytime the A330-300 is substituted on a route where augmentation is required, the flight relief seat required will be a single non-adjointing "J" class seat or two (2) adjoining "J" class seats. The specific seats required will be determined by PEAC. The A330-300 cannot be used on a route where a bunk is required.
- 17.03.03.02.02 Notwithstanding 17.03.03.02.01 above, up to eight A330-300 aircraft may be scheduled on routes where single augmentation is required. The flight relief seat required will be a single non-adjointing "J" class seat or two (2) adjoining "J" class seats. The "J" seats as configured on June 1, 2003 on the A330-300 aircraft with the addition of flight relief seat equipment as configured on the B767ER aircraft constitutes the crew relief seat for the purpose of this paragraph. The A330-300 cannot be used on a route where a bunk is required.
- 17.03.03.03 Provided the flight duty time excluding deadhead time is completed within the maximum flight duty periods described in Article 17.03.03, the planned maximum flight duty period may be extended for up to two (2) hours (not to exceed eighteen (18) hours) for the purpose of deadheading to home base or to a layover point. The deadhead flight must depart no later than two and one-half (2 ½) hours after the arrival of the last flight operated.
- 17.03.03.03.01 A pilot may be planned to deadhead within Europe upon arrival of an Atlantic crossing provided the deadhead movement is completed before 1200 British/1300 European time.
- 17.03.03.04 Any flight duty period requiring augmentation will be limited to a maximum of two (2) planned flight legs if the planned flight duty period exceeds fourteen (14) hours. The second flight leg is planned only to allow an augmented crew to complete (or start) a direct flight after (or before) operating an oceanic crossing.
- 17.03.03.05 Augmentation will be provided for:
- all Pacific crossings except as approved by PEAC.
 - all flights between Europe and India
 - all flights to/from Europe and the United Kingdom (plus any other Atlantic crossings) from/to all points in the North American Zone west of 100°W.
- 17.03.03.06 Flight duty periods in excess of those specified in Article 17.03.03 may be scheduled subject to agreement within PEAC.
- 17.03.03.07 A pilot may be scheduled for a flight duty period of up to eighteen (18) hours, provided the flight duty period consists of only a direct flight with a maximum of two (2) planned deadhead legs.
- 17.03.03.08 A pilot who undergoes periodic training prior to line flying shall be considered as on flight duty for flight duty period limitation purposes only, from the time he is required to report for training or as detailed in Article 17.03.01.02 prior to a deadhead movement to the training location, whichever is earlier. Special flight time and pay credits will commence at the reporting time for line flying as per Article 17.03.03.

- 17.03.03.09 Pilots based at a "To-Terminal" who originate and terminate at the "Co-Terminals", will have an agreed travel time added to the beginning or end of the flight duty period for the purpose of flight duty period limitations as defined in Article 17.03 and Special flight time and pay credits as defined in Article 17.10, Expeditious Transportation, will be provided by the Company.
- 17.03.03.10 Whenever a crew must deadhead between CO-Terminal airports as part of a flight duty period, they will be paid and flight time credited for the agreed-upon travelling time between these airports as per Article 12. These times, as shown in SR9.06, will also be used to plan the pairings involving this movement.
- 17.03.03.11 Once a pairing has been started the following will apply:
- 17.03.03.11.01 In the event of operational delays, these maximum flight duty periods may be extended for up to two (2) hours with the concurrence of the flight crew.
- 17.03.03.11.02 A pilot deadheading under the provisions of Articles 17.03.03.03 and 17.03.03.07 may elect to exceed the limitations and all special flight time and pay credits as per Article 17.10 shall continue to accrue. Should a pilot not elect to exceed these limits, special flight time and pay credits shall apply until his actual arrival at home base or layover point.
- 17.03.03.12 **Flight Duty Period Limitations - Outside the North American Zone**
- 17.03.03.12.01 **Basic Crew Flight Duty Period Limitations Chart - Outside the North American Zone**

Crew	Max Legs	Flight Time Limitation	Other Restrictions	Max Flight Duty Period
Basic Crew Capt & F/O, or 2 Capts	2	Max planned flight time of 9 hours per flight duty period.	local start time 0500-1929	12:00 hrs
			1st landing after 0200 local start time terminates the flight duty period except for European D/H as per 17.03.03.03 and 17.03.03.03.01	
			local start time 1930-2159	11:00 hrs
			1st landing after 0200 local start time terminates the flight duty period except for: <ul style="list-style-type: none"> ▪ European D/H as per 17.03.03.03 and 17.03.03.03.01; ▪ flight duty periods which do not exceed 10 hours 	
			local start time 2200-0459	10:00 hrs
			The preceding rest period must be 12 hours or more. 1st landing after 0600 local start time terminates the flight duty period except for flight duty periods that commence at 0400 or later.	

In Addition for basic crew (set out in other provisions):

- 17.03.03.12.01.01. Basic crews will not be used on:
- Pacific crossings except as approved by PEAC.
 - flights between Europe and India
 - flights to/from Europe and the United Kingdom (plus any other Atlantic crossings) from/to all points in the North American Zone west of 100°W.
- 17.03.03.12.01.02 **D/H** only - direct flight (2 legs) up to 18 hours
- 17.03.03.12.01.03 **Two** hour extension of max duty period for **D/H**
- 17.03.03.12.01.04 European **D/H** rule
- 17.03.03.12.01.05 2 hour extension for ops delay at pilot option

17.03.03.12.02 **Augmented Crew Flight Duty Period Limitations Chart - Outside the North American Zone**

Crew	Max Legs	Onboard Crew Rest Facility	Other Restrictions	Max Flight Duty Period
Single Augmentation Basic Crew + 1 RP, or 1 Aug	2	▪ 1 flight relief seat, or ▪ flight relief bunk and 1 "J" Class seat *	none	14:00 hrs
	1	1 flight relief bunk and 1 "J" Class seat *	lands prior to 0400 pilot home base time	15:00 hrs
Double Augmentation Basic Crew + 1 Aug, 1 RP, or 2 Augs	2	2 flight relief bunks and 1 "J" class seat.	the second leg is planned only to allow an augmented crew to complete (or start) a direct flight after (or before) operating an oceanic crossing.	18:00 hrs

* For Single Augmentation only, a flight relief bunk and 1 row (3 seats) of economy seats only on all economy configured aircraft. For the A340, B777 and B787 aircraft, the designated one "J" class seat may be occupied by a full revenue passenger in the event the "J" class cabin is full. In other cases the seat will be reserved for the use of the operating crew.

In Addition for single and double augmented crew: (set out in other provisions)

- 17.03.03.12.02.01 **D/H** only - direct flight (2 legs) up to 18 hours
- 17.03.03.12.02.02 **Two** hour extension of max duty period for **D/H** (max 18 hours)
- 17.03.03.12.02.03 European **D/H** rule
- 17.03.03.12.02.04 2 hour extension for ops delay at pilot option

17.03.04 **Irregular Operations**

It is recognized that, during irregular operations, the actual flight duty period may exceed the maximum flight duty period but, in view of the many factors involved, the decision to continue or interrupt a flight should be left to the discretion of the pilots.

17.04 Rest Periods

- 17.04.01 Pairings created by both the Crew Planning Department and the Crew Scheduling Department will be planned using the rules outlined below.
- 17.04.01.01 On layovers, the minimum rest period shall be ten (10) hours or the length of the preceding flight duty period whichever is greater. This is to provide an opportunity for eight (8) hours of uninterrupted sleep plus time for wind-down, personal hygiene and nutrition.
- 17.04.01.02 Layovers longer than twenty (20) hours off duty will be planned at a suitable downtown location, except by prior mutual agreement between the Company and the Association.
- 17.04.01.03 At home base, the minimum rest period shall be twelve (12) hours off duty or the length of the preceding flight duty period whichever is greater.
- 17.04.01.04 At home base a reserve pilot shall have an eight (8) hour designated rest period during each 24 consecutive hours of reserve duty. The designated rest period for a reserve pilot shall normally be 21:00 to 05:00 local time unless otherwise advised by crew scheduling.
- 17.04.02 Once a pairing has been started the following rules will apply:
- 17.04.02.01 In the case of operational delays, for flight duty periods finishing four (4) or more one (1) hour time zones from the starting flight duty time zone, the actual rest period must be equal to or greater than the previous flight duty period, but at no time less than as provided for in Article 17.04.02.02.
- 17.04.02.02 In the case of operational delays, for flight duty periods finishing less than four (4) one (1) hour time zones from the starting flight duty time zone, the actual rest period may be reduced to ten (10) hours. With the concurrence of the flight crew this rest period may be further reduced to a minimum of nine hours and thirty minutes (9:30). This is to provide an opportunity for eight (8) hours of uninterrupted sleep plus time for wind-down, personal hygiene and nutrition.
- 17.04.02.03 In the case of operational delays, for flight duty periods finishing less than four (4) one (1) hour time zones from the starting flight duty time zone, home base crew rest may be further reduced to eleven hours thirty minutes (11:30) or with the concurrence of the pilot may be reduced to ten (10) hours.
- 17.04.02.04 At home base, the minimum rest period for reserve pilots shall be fourteen (14) hours off duty for a pilot returning from overseas (excluding Bermuda, Jamaica or Cuba).

17.05 Monthly Off-Duty Periods - Blockholders

During a month, a blockholder shall be scheduled for a minimum of four (4) separate forty-eight (48) hour periods, or three (3) separate seventy-two (72) hour periods.

For overseas operations, the above may be replaced by either two (2) separate ninety-six (96) hour periods and one (1) forty-eight (48) or two (2) separate one hundred and twenty (120) hour periods.

17.06 Monthly Off-Duty Periods - Reserve Pilots

- 17.06.01 A Reserve pilot may request, at his option, specific days off other than the following provided such pilot is not on duty for more than five (5) consecutive days. If the pilot does not use this option, the reserve assignment shall be constructed to include two (2) ninety-six (96) hour off-duty periods and two (2) forty-eight (48) hour off-duty periods. There will also be an additional six (6) hour off-duty period in conjunction with one (1) of the forty-eight (48) hour off-duty periods.
- 17.06.02 A pilot shall have the option of designating which forty-eight (48) hour off-duty period in a ninety-six (96) hour will be "optional" as defined in Article 2.25. This option must be exercised by 0930 hours local time of the day prior to the start of the ninety-six (96) hour, otherwise the second forty-eight (48) hour will be designated as "optional".
- Once exercised, the optional days may not be moved or re-designated.
- 17.06.03 One of the ninety-six (96) hour off duty periods will have the first forty-eight (48) hour designated as a "guaranteed" forty-eight (48) hour, as defined in Article 2.25 and will not be subject to change except as provided above. In addition, one of the forty-eight (48) hour off duty periods will be designated as a "guaranteed" forty-eight (48) hour as defined in Article 2.25 and will not be subject to change. A pilot will not be required to extend his flight duty period into the guaranteed forty-eight (48) hour periods.
- 17.06.04 No pilot shall be scheduled for more than five (5) consecutive days of Reserve Duty unless such pilot has indicated on his bid that he is declining the five (5) day rule.
- 17.06.05 A pilot may be scheduled to fly into all off-duty periods if there is no other reserve pilot available, except the guaranteed forty-eight (48) hour off duty periods noted in 17.06.03. A pilot may elect to fly into any off duty period.
- 17.06.06 The additional six hour (6) off-duty period as described in 17.06.01 above shall be subject to the same provisions as a forty-eight (48) hour off-duty period, except that a pilot may elect to operate a flight(s) during the six (6) hour off-duty period.
- 17.06.07 A pilot drafted during an "optional" forty-eight (48) hour will have the complete forty-eight (48) hour off-duty period replaced unless the pilot is drafted under Step 1 of the drafting procedure for those days off. Replaced days off will be scheduled in conjunction with a remaining off-duty period, if possible.
- 17.06.08 Sliding/Trading of optional twenty-four (24) hour or forty-eight (48) hour off-duty periods may be made with the approval of the Chief Pilot or his designate. An exemption may be made from the five (5) days as noted in 17.06.04 above. This only applies to days originally scheduled as optional and not to those changed as in 17.06.02.
- 17.06.09 A reserve pilot who is forced to fly into his days off immediately prior to his vacation will, at his option, have that portion of his days off replaced upon completion of vacation. In cases where a reserve pilot is awarded a block selection in a subsequent month he will be entitled to pay protection for any flying in his block that he *is* unable to operate as a result of replaced days off.
- 17.06.10 A reserve pilot who is awarded a block selection in a subsequent month and is forced to fly into his days off in the current month shall have these days off replaced immediately following the cycle and will be entitled to pay protection for any flying in the subsequent block month that he is unable to operate as a result of replaced days off.

17.07 Operating Into/On Off Duty Periods - Reserve Pilots

- 17.07.01 If a reserve pilot operates a flight or sequence of flights which extends his flight duty period into one of his off-duty periods, his applicable rest period shall be twelve (12) hours or the length of the preceding flight duty period, whichever is greater. In the case of operational delays, the home base rest may be reduced to eleven (11) hours thirty (30) minutes or, with the concurrence of the pilot, may be reduced to ten (10) hours.
- 17.07.02 If a reserve pilot operates a flight or sequence of flights which does not extend his flight duty into an off-duty period but will cause his subsequent crew rest period to extend into his off-duty period, then his off-duty period will commence after the applicable rest period following termination of flight duty.
- 17.07.03 Notwithstanding 17.07.01 and 17.07.02, a reserve pilot may elect to waive the applicable crew rest period, however, he must advise Crew Scheduling upon arrival at his home base.
- 17.07.04 When a reserve pilot is assigned to a flight, or sequence of flights, which will extend his flight duty period into a forty-eight (48) hour off-duty period described in 17.06.05, he shall be relieved of duty on his first arrival at his home base following the commencement of his scheduled off-duty period, unless no other pilot is available. The pilot may elect to complete the sequence subject to Company approval. In no case will a reserve pilot be required to accept a flight or sequence of flights that is scheduled to fly into any guaranteed forty-eight (48).
- 17.07.05 A reserve pilot contacted by crew scheduling at home base during his designated eight (8) hour rest period as detailed in Article 17.04.01.04 shall be limited to a maximum flight duty period of ten (10) hours and the subsequent ten (10) hour rest period shall be increased by one-half the length of the preceding flight duty period. This ten (10) hour maximum flight duty period cannot be extended and the resulting rest period cannot be reduced.
- 17.08 Silent Hours for Reserve** - A reserve pilot will not be required to fly a flight or sequence of flights which operates during the hours of 0001 to 0559 on consecutive nights with an intervening off-duty rest period at home base unless there is no other reserve pilot available to operate the flight or flights and sufficient notice has been given to such pilot to allow a reasonable rest period prior to flight departure. The silent hour limitations will be established utilizing the pilot's base local time.
- 17.09 Periodic Training for Reserve** - A reserve pilot shall not be required to perform periodic training on one of his twelve (12) days off unless he **so** desires. If he elects not to train on his days off, the Company may designate a reserve day on which he will complete periodic training. During the designated day he will not be eligible for flying that will interfere with the training. If a pilot indicates that he will accept training during any of his off-duty days and the Company does not schedule him for training during these off-duty days, he shall be pay-protected for any flying that he is unable to complete because of this scheduling. A pilot shall not be required to submit to a local flight check at his layover station except with his consent.

17.10 Special Flight Time and Pay Credits

- 17.10.01 **Duty Period Guarantee** – For each actual flight duty period worked, a pilot shall be guaranteed a minimum duty period of 4:25 hours for pay and flight time limitations, or one (1) hour pay and flight time credits for each two (2) hours of duty prorated whichever is greater. Any such credit shall be calculated for pay purposes as an extension of the last portion of the final trip.
- 17.10.01.01 Where a single flight duty period consists of both overseas and domestic operations, the domestic flight duty period guarantee shall apply until the actual departure time of the first flight leg for which Overseas Operations Pay applies and shall apply commencing at the actual arrival time of the return flight leg for which Overseas Operations Pay applies.
- 17.10.01.02 If a pilot is held at the airport at Company request, the guarantee specified in Article 17.10.01 and 17.10.01.01 will apply, except that the minimum applicable duty period guarantee credit will become a minimum of two (2) hours credit if no flying is performed in that duty period.
- 17.10.02 **Trip Hour Guarantee** - In the case of trips which involve legal layover(s) away from home base, a pilot shall be guaranteed one (1) hour of flight time credits and pay for each four (4) actual hours of trip hour time, prorated. Trip time shall be counted from the time a pilot is required to report to the airport at his home base prior to operating a flight or actual reporting time, whichever is later, to the time a pilot is released from duty fifteen (15) minutes after arrival at his home base for a legal rest.
- 17.10.02.01 Any trip hour special credit will be calculated for pay purposes as an extension of the last portion of the final trip except where a combination of Overseas and Domestic flight legs are involved; in which case the ratio of Overseas/Domestic Trip hour time will be calculated as a percentage of the total Trip hour guarantee.
- Note: When a scheduled layover has been extended to allow time for simulator training, the first twenty-four (24) hours of such extended time shall not be included as "trip time" and the provision of 17.10.02 shall not apply to this twenty-four (24) hours.
- The greater of 17.10.01 and 17.10.02 shall apply.
- 17.10.03 For the purpose of these special duty time and trip time guarantees, both the duty time and the trip time shall be extended to include time involved in deadheading when deadhead credits are allowed as calculated from the flight duty period times as detailed in Article 17.03.01.02.
- 17.10.04 The special flight time and pay credits in Articles 17.10.01 and 17.10.02 shall be credited as though the flights had been flown according to schedule to a pilot who has been removed from the flight or flights for illness or training or at Company request.

17.11 Bank Credits and Debits

- 17.11.01 Seventy-eight (78) hours of flight time and credits or the designated monthly maximum, whichever is greater, shall constitute the monthly maximum flying time for which a pilot shall be paid. All flight time and credits accumulated in any one month in excess of seventy-eight (78) hours or the designated monthly maximum, whichever is greater, shall be credited to the pilot at maximum rates (night, gross weight) for the equipment flown or to which the pilot is otherwise entitled and shall constitute his flight time and credits "Bank". Pay will be in accordance with Article 7.03.

- 17.11.02 When a pilot's monthly flight time and credits is less than seventy-eight (78) hours or the designated monthly maximum, whichever is greater, under the provisions of Article 7.03, any credit in his bank will be used to increase his flight time and credits up to a maximum of seventy-eight (78) hours or the designated monthly maximum, whichever is greater, and his bank will be debited by the amount credited for pay purposes. Under this provision, for all pilots, including those on flat salary the bank credit shall be applied to the minimum guaranteed hours specified in Article 10.
- 17.11.03 Following the application of Article 17.11.02 when a pilot's monthly flight time and credits are less than seventy-eight (78) hours or the designated monthly maximum, whichever is greater, and he has no bank credit, he may elect to borrow an amount up to a maximum of thirteen-thirty (13:30) hours from a negative bank to obtain a maximum of seventy-eight (78) hours, or the designated monthly maximum, whichever is greater. The amount borrowed from the negative bank shall be paid at domestic night rates.
- 17.11.04 In any month that a pilot exceeds seventy-eight (78) hours or the designated monthly maximum, whichever is greater, any negative bank balance must be repaid prior to any time being credited to his bank.
- 17.11.05 When a pilot retires, is terminated, or otherwise ceases employment, any negative bank balance owed to the Company will be deducted from the pilot's final pay cheque. Any positive bank balance owed to the pilot will be added to the pilot's final pay cheque.
- 17.11.06 This negative bank credit will be used to fill pay, but not for sickness or the dropping of flights.

17.12 Voluntary Overtime

- 17.12.01 Notwithstanding the provisions of Article 17.01 the Company may, as a result of unforeseen circumstances during the course of a block month and with the consent of the MEC, declare the month as voluntary overtime eligible. Such declarations may be made for up to a maximum of three (3) block months in any calendar year. Voluntary overtime can be limited to specific equipment and status.
- 17.12.02 When the Company has declared that voluntary overtime provisions are in effect a pilot may, at his option and upon advice to the Crew Scheduling Department, volunteer to plan and fly up to a maximum of DMM plus eight (8) hours, but in no event to exceed ninety (90) hours. Once a pilot has commenced his last pairing under Voluntary Overtime, he shall complete that pairing even if during the pairing, flight and pay credits increase, provided the flying performed is not due to a change in the assigned pairing. Voluntary overtime flying will only be permitted after make-up, reserve, and voluntary draft provisions (Steps 1 & 2) have been exhausted.

ARTICLE 18 - VACATION

18.01 General

The vacation year shall be from the period May 1 to April 30. Vacation shall be taken at such time as the services of the pilot can be spared. Such vacation periods shall be made available during the twelve (12) month period following the year in which accrued. However, not less than ten percent (10%) of vacation allotments in each status, on each equipment on each base, shall be made available during the period June 15th to September 15th, and not less than five percent (5%) of vacation allotments in each status, on each equipment on each base, shall be made available during the period December 15th to January 15th. These allotments shall be scheduled evenly over these designated periods subject to operational requirements.

18.02 Entitlement

18.02.01 Annual vacation entitlement will be in accordance with provisions in the Company's Regulation Manual 707, based on years of service with the Company as of April 30 each year.

<u>Years of Company Service as of April 30th</u>	<u>Vacation Entitlement</u>
1 year or more, but less than 5 years	14 calendar days
5 years or more, but less than 15 years	21 calendar days
15 years or more, but less than 25 years	28 calendar days
25 years or more	35 calendar days

18.02.02 The above entitlement is increased by nine (9) additional days in lieu of general holidays as provided for in the Canada Labour (Standards) Code. These extra days off will accumulate at the rate of three (3) calendar days per four (4) full calendar months. The total accumulated days off in the calendar year will be added to the pilot's vacation for the following year.

18.02.03 The entitlement in 18.02.01 and 18.02.02 is applicable only following a full year of employment. Vacation entitlement for pilots with less than a full year of service in the twelve (12) months prior to April 30th is detailed in Chapter 3.11 of the 707 Manual.

18.02.04 Newly employed pilots who are first assigned to line duties during a calendar year will accumulate the extra days off in lieu of General Holidays at the rate of one (1) for each complete calendar month.

18.02.05 Vacation shall not be cumulative and shall be taken during the twelve (12) month period following the year in which accrued (unless special circumstances warrant otherwise and prior arrangements are made in writing with the Company). In cases where authorization has been granted to defer vacation in accordance with the provisions of 18.04.04, it shall be carried forward and taken in the next vacation year.

18.02.06 Based on the needs of the service the Company may offer vacation buy-back opportunities on a monthly basis throughout a vacation year in accordance with the following parameters.

- 18.02.06.01 Subject to the availability of vacation buy-back, pilots with a total yearly vacation entitlement of thirty-seven (37) days or more may at their option cash clear up to a maximum of fourteen (14) days of vacation. Pilots with a total yearly vacation entitlement of twenty-three (23) days or more may at their option cash clear up to a maximum of seven (7) days vacation.
- 18.02.06.02 Vacation buy-back will be offered by position. Notification to pilots will be issued in the month prior to the block month in which the vacation period(s) commence(s).
- 18.02.06.03 Pilots interested in vacation buy-back must apply to the Crew Planning Department in writing no later than fifteen (15) days prior to the start of the block month. Requests will be considered in seniority order from pilots with planned vacation entitlements. Outstanding unbid vacation will be considered subsequent to planned periods. Pilots will be advised of the status of their request a minimum of five (5) days prior to the closing of the block bid.
- 18.02.06.04 Vacation buy-back will not be offered in any month during which any pilot is on furlough or there is a surplus of pilots on the current Pilot Position Assignment List.
- 18.02.06.05 Vacation that is cash cleared will be paid at two hours and fifty-five minutes (2:55) at ½ day, ½ night, rates per day.

18.03 Bidding

18.03.01 General

- 18.03.01.01 Vacation scheduling followed by bid and award of vacation periods normally will be carried out in February or March. Vacation periods will be awarded in order of seniority in accordance with the pilot's awarded position at their base.
- 18.03.01.02 ACPA "monitors" will have the right to observe the process and if any irregularities are discovered or reported, a review of the process will be undertaken by ACPA and Air Canada personnel whose mandate will be to jointly resolve any irregularities.
- 18.03.01.03 A pilot may not bid a vacation period during a known equipment conversion course.
- 18.03.01.04 Pilots will have an unlimited vacation split.
- 18.03.01.05 All vacation bids will be in seven (7) day periods. A pilot may not leave less than seven (7) days of vacation unbid at any time during the vacation bid process. A pilot with less than seven (7) days vacation entitlement shall bid all vacation during the primary bid. For example, if a pilot has less than fourteen (14) days of vacation remaining after the Primary bid, the pilot must bid the remainder as one (1) block either during the Secondary or the Tertiary bid.
- 18.03.01.06 A pilot must bid a minimum of fourteen (14) days in either a Primary bid or combined Primary/Secondary bid. By the completion of bidding the Primary, Secondary, and Tertiary vacation, a pilot may not leave more than twenty-eight (28) days of vacation outstanding.
- 18.03.01.07 Pilots who are unable to take planned vacation due to illness will have such vacation available for Tertiary bid.

- 18.03.01.08 Once the annual vacation bid closes, unused vacation periods will no longer exist.
- 18.03.01.09 Pilots with unbid vacation may be assigned vacation at the Company's discretion in reverse seniority order from a pilots qualified position. The assigned periods will be seven (7) days or the balance of their entitlement, if less than fourteen (14) days are outstanding. Vacation can be assigned to a pilot in consecutive months and in a month where the pilot already has vacation.
- 18.03.01.10 A pilot may not be drafted to fly into his scheduled vacation period
- 18.03.01.11 A pilot shall be notified in writing of his vacation period as far in advance as is practical, but in any event shall not be assigned to a vacation period with less than thirty (30) days' advance notice. Such notice shall specify the beginning and ending dates of his vacation period. Vacation periods will commence and terminate at midnight. Vacation assignments once established may be re-scheduled outside the vacation year only by mutual agreement of the pilot, the Company and the Association. The Association will be advised of all vacation deferments within the vacation year.
- 18.03.01.12 A pilot who changes his status, equipment or base shall tentatively be scheduled to take his vacation on the dates he bid.
- 18.03.01.13 Notwithstanding the provisions of 18.03.01.11, within thirty (30) days of the scheduled commencement of a pilot's vacation period, alteration of such vacation period may be made only under extenuating circumstances and at pilot option subject to Company concurrence.

18.03.02 **Primary Bid**

Primary vacation will be awarded in seniority order based on the position each pilot holds on the current equipment list (awarded position). A pilot may bid all or part of his vacation allotment during the primary vacation bid, but must bid a minimum of seven (7) days. An awarded primary vacation period cannot be changed by the Company or the pilot. A pilot who does not leave a vacation proxy bid, does not bid in person, or cannot be contacted by the vacation bid monitors will forfeit the right to a Primary vacation **slot**.

18.03.03 **Secondary Bid**

Secondary vacation will be bid immediately following the completion of the Primary bid. Secondary vacation will be awarded in seniority order based on the position each pilot holds on the current equipment list (awarded position). A pilot may bid any or all of his remaining vacation allotment during this bid but may not leave less than seven (7) days remaining for the Tertiary bid. By mutual agreement between the pilot and the Company, a Secondary vacation period may be changed to accommodate an equipment conversion course assigned after the vacation has been awarded. A pilot that does not leave a vacation proxy bid, does not bid in person, or cannot be contacted by the vacation bid monitors will forfeit the right to a Secondary vacation slot.

18.03.04 **Tertiary Bid**

A Tertiary vacation bid will immediately follow completion of the Secondary bid. Tertiary vacation will be awarded in seniority order based on the position each pilot holds on the current equipment list (awarded position). A pilot may leave no more than twenty-eight (28) days of vacation unbid following the completion of the Tertiary bid. By mutual agreement between the pilot and the Company, a Tertiary vacation period may be changed to accommodate an equipment conversion course assigned after the vacation has been awarded.

18.03.05 **Additional Vacation**

During the vacation year, the Company may identify additional vacation periods as being available. These periods will be posted as being available, forty-five (45) days to sixty (60) days prior to the date when they are available and any pilot may bid on them based on the seniority position the pilot enjoys on his current equipment. Any vacation that becomes available as a result of a deferral for training will be posted for bid. A pilot will not be forced to take vacation with less than thirty (30) days notice.

18.03.05.01 Additional Vacation **Slots** Award

Additional vacation **slots** will be awarded in the following order;

Pilots with unbid vacation entitlement.

Pilots who want to move a previously bid vacation (except Primary)

Pilots who wish to defer vacation (except Primary) from a preceding month, should the Company identify a need for deferments.

18.03.05.02 Posting Additional Vacation

The Company will post additional vacation periods for bid should they become available and award them in order of seniority. Only pilots qualified on the specific equipment will be allowed to bid on these additional periods.

18.04 Options

18.04.01 **Optional 48**

18.04.01.01 A pilot shall have the option, once only per vacation year, of being relieved from duty for a maximum period of forty-eight (48) hour in addition to his annual vacation. This optional forty-eight (48) hour period shall be the two (2) days immediately preceding or immediately following the assigned vacation period. If desired, the pilot need only option twenty-four (24) hours, but it is understood that the forty-eight (48) cannot be split into two (2) twenty-four (24) hour periods to be taken immediately before and after the vacation period, unless coverage is available for the second optional period.

18.04.01.02 When a pilot elects to use this forty-eight (48), he must exercise this option when bidding his block preferences.

18.04.01.03 The pilot may elect to cancel the optional forty-eight (48) and avail himself of the provisions of SR8 (Awarding of open flights).

18.04.02 **Sliding Of Vacation Dates**

18.04.02.01 In order to avoid **loss** of flying pay, a reserve pilot may, subject to the approval of the Chief Pilot, "slide" his vacation dates in order to complete a flight sequence.

18.04.03 **Pilots Returning From GDIP**

A pilot returning from GDIP will assess his situation in conjunction with the Association and the Company to determine how his outstanding vacation will be taken. The following options will be considered.

18.04.03.01 Subject to the scheduling of any required training, any or all of the vacation may be deferred.

18.04.03.02 Outstanding vacation may be used to top up the pilot's vacation entitlement for the next vacation year.

18.04.03.03 Any further outstanding vacation will be awarded using the 'Additional' vacation procedure during the applicable vacation year.

If an acceptable option cannot be reached by all three (3) parties, all outstanding vacation will be taken immediately after returning from GDIP.

18.04.04 **Deferment**

18.04.04.01 Normally earned vacation will be taken during the vacation year.

In the event that it is necessary to defer vacation (e.g., because of training or sickness) a new vacation period will be deferred to specific dates and the M.E.C. Chairman will be advised of all deferments and the deferred dates. Payment in lieu of vacation will not be made without the agreement of the Company and the Association.

Vacation assignments once established may be rescheduled outside the vacation year only by mutual agreement of the pilot, the Company and the Association. The Association will be advised of all vacation deferments within the vacation year.

The Company will advise the MEC Chairman no later than March 1st of any deferments planned after March 1st .With the understanding that vacation deferments, although occasionally necessary, are not in the best interests of the entire group, the following workable procedures were agreed to for the adequate protection of everyone's seniority rights.

Once mutual agreement has been obtained from the pilot, the Company and the Association;

18.04.04.01.01 The deferred vacation will be added as a separate item to the pilot's vacation entitlement for the next year.

18.04.04.01.02 At vacation bid time, the pilot may include his "deferred" allotment with his subsequent vacation bids.

18.04.04.01.03 A pilot may retain his deferred vacation until all pilots have completed their vacation bids, and, in seniority order, bid for the remaining periods available.

It was recognized that sufficient vacation periods would have to be made available at bid time to cover all outstanding vacations, including the deferred allotment. Any additional vacation allotments becoming available after the bid or during the vacation year should be made available, by bulletin, for all pilots' consideration.

18.05 Vacation Pay and Credits

Vacation periods begin and terminate at midnight local time. Pay and flight time limitations are calculated from and to midnight. Blockholders and reserve pilots will be credited as follows:

- 18.05.01 During a vacation period, a pilot holding a block selection shall be paid and flight time limited for two hours fifty five minutes (2:55) at one-half (1/2) day and one-half (1/2) night for each calendar day.
- 18.05.02 During a vacation period, a pilot not holding a block selection shall be paid and flight time limited two hours fifty-five minutes (2:55) at one-half (1/2) day and one-half (1/2) night for each calendar day. For the remainder of the month he shall receive the greater of his actual flying pay or his prorated minimum guarantee, calculated excluding the number of days on vacation (i.e., thirty (30) day block month with fourteen (14) days on vacation, MMG will be thirty (30) minus fourteen (14) divided by thirty (30), which is sixteen-thirtieths (16/30) of MMG).

18.06 Retirement

- 18.06.01 Pilots who are retiring at the normal age of retirement must bid at least a prorated vacation entitlement based on the number of calendar months remaining in the year from the commencement (May 1st) to his retirement date.

Example: A pilot retiring at the end of November with 54 days of vacation entitlement must bid at least:

$$7/12 \text{ (months remaining)} \times 54 \text{ days (entitlement)} = 31.5 = 32 \text{ days}$$

- 18.06.02 A pilot may elect to bid his total previous year's entitlement prior to retirement, subject to his seniority. This must be done at the annual vacation bid in a Primary and/or Secondary bid. Retiring pilots can attempt to further split Secondary vacation during monthly Tertiary bids.
- 18.06.03 A pilot whose services are terminated for any reason, shall be paid for all vacation credit accrued but not taken in addition to all other compensation to which he is entitled, and shall be provided with space available transportation for himself and dependent members of his family to any point in the system to the extent permitted by law.

ARTICLE 19 - SICK LEAVE

- 19.01** For the purpose of this Article, sick leave shall mean the period of days during which a pilot is unable to report for flight duty as a result of sickness or injury while off-duty and during which period he is paid as outlined herein. For the purpose of this Article, day shall mean a twenty-four (24) hour period or part thereof.
- 19.02** On January 1st of each year, all pilots actively employed with the Company shall be entitled to twelve (12) days' sick leave with pay for the current year. Pilots employed during the year shall be entitled to one (1) day's sick leave with pay for each full month remaining in the year.
- 19.03** One-half (1/2) of unused portion of a pilot's yearly sick leave allowance shall be cumulative indefinitely. Cumulative sick leave will only be applied for additional sick leave benefits when the current year's allowance has been exhausted, such additional leave to be substantiated by a Doctor's certificate if required by the Company. The remaining unused portion shall be cumulative and credited to a GDIP bank. These credits can only be used to top up GDIP payments when the regular sick leave credits have been exhausted.
- 19.04** During a sick leave period, a pilot holding a block selection shall be paid for the flights in his block as if they had been flown according to schedule at ninety (90) percent of the dollar value (regular salary in the case of a pilot on flat salary) and shall be credited with such flying time for the purpose of flight time limitation.
- 19.05** During a month in which a pilot not holding a block selection is on sick leave, his flying pay for the month shall be based on the greater amount of 19.05.01 or 19.05.02; except that a pilot on flat salary shall be paid regular salary:
- 19.05.01 His normal minimum guarantee for the month; OR
- 19.05.02 His actual flying pay for the month, plus the daily average of his flying pay during the previous three (3) block months (exclusive of leave of absence without pay) for each day he is on sick leave. This daily average flying pay shall be adjusted to include negotiated pay increases and any incremental pay increases.
- For flight time limitation purposes, such pilot shall be credited with one thirtieth (1/30) of the DMM for each day he is on sick leave.
- 19.06**
- 19.06.01** For blockholders, the sick leave period begins at the on-duty time when the blockholder is unavailable for his next scheduled flight. A day shall be charged for each twenty-four (24) hour increment or part thereof. A pilot on sick leave who was awarded make-up flying will neither be charged for sick leave nor credited for the flying.
- 19.06.02** For reserve pilots, sick leave shall commence at the earliest on duty time of any assignment for which the pilot would have otherwise been alerted for or assigned, or at the time the pilot is unable to be contacted. A day shall be charged for each twenty-four (24) hour increment or part thereof.
- 19.07** No pilot shall forfeit any sick leave credits accrued up to the signing of this Agreement.

19.08 Foreign Operations

- 19.08.01 Any pilot on duty outside North America, the Caribbean, Continental Europe and the United Kingdom who becomes sick due to causes which in the opinion of the Company Medical Branch, are related to the living and health conditions peculiar to the Foreign Country or countries shall be provided with or compensated for the complete cost of medical care and hospitalization. The pilot will receive salary based on the average of the previous three (3) complete block months for a period of three (3) months or such longer period as may be decided upon by the Company, depending on the circumstances. Pilots covered under this provision shall not forfeit sick leave credits.

19.09 Group Disability income Plan

- 19.09.01 A pilot who is a member of the Air Canada Group Disability Income Plan (Article 26.03) will draw sick leave benefits up to a maximum of thirty (30) days.
- 19.09.02 A pilot may elect to use any sick leave benefits remaining to his credit at the rate of one-quarter (1/4) day for each additional day of disability, based on the pilot's average earnings during the last three (3) full months prior to the pilot's disability.

ARTICLE 20 - LEAVE OF ABSENCE

- 20.01** When the requirements of the service permit, a pilot, upon written request to the Senior Vice President - Flight Operations, through his immediate supervisor, may be granted leave of absence without pay for a period not to exceed six (6) months. When a pilot has three (3) or more years of service as a pilot with the Company, such leave may be extended for additional periods up to an additional maximum period of six (6) months and in addition such leave may be further extended by mutual agreement between the Association and the Company.
- 20.01.01 The Senior Vice President - Flight Operations may, at his discretion, give a pilot who requests a leave of absence special permission to engage in other employment while on leave of absence provided such employment is not considered a conflict of interest with the pilot's responsibilities to Air Canada.
- 20.02** In case of sickness or injury, a pilot shall be granted a leave of absence until such time as he is able to return to flight duty; except that in no case shall a leave of absence for sickness or injury exceed a total continuous period of three (3) years unless extended by mutual agreement between the Company and the Association.
- 20.03** When such leave of absence is granted, a pilot shall retain his seniority date.
- 20.04** In the event of a national emergency, a pilot volunteering with Company consent, or ordered to extended military service, shall retain his seniority date, pension, accumulated sick leave and bid status.
- 20.05** A pilot returning from a leave of absence shall be permitted to return to the base where he last held bid status and assume a position on the pilot status list in accordance with his base seniority, subject to a satisfactory medical re-examination and a reasonable qualifying period not to exceed six (6) months.
- 20.05.01 A pilot returning from a leave of absence granted in accordance with 20.01 shall be permitted to return to the base where he last held bid status and assume the position held at the time his leave of absence began or the next junior position his seniority entitles him to subject to a satisfactory medical re-examination and a reasonable qualifying period not to exceed six (6) months.
- 20.06** Any dispute arising hereunder concerning the physical fitness of a pilot shall be settled in accordance with Article 31 of this Agreement.
- 20.07** A pilot returning from Leave of Absence during a month will have flight time limitations apply (1/30th of the designated Monthly Maximum).

ARTICLE 21 –ACTING CHECK PILOT, ACTING FLIGHT INSTRUCTOR AND PERMANENT MANAGEMENT DUTY

21.01 For the purposes of this Article, the term Acting Check Pilot (ACP) and Acting Flight Instructor (AFI) refers to any pilot on the Air Canada Pilots' System Seniority List who holds an "active" position as per the conditions outlined in Article 25 and is temporarily assigned to checking, instructing or special project duties. This does not include ground school instructors and contract instructors who are not "active" pilots.

Acting Check Pilots and Acting Flight Instructors will be subject to all the provisions of the Collective Agreement, except as amended herein.

21.02 A pilot posted to Permanent Management Pilot duty in accordance with Article 25.01.03 shall retain and continue to accrue seniority, provided such pilot maintains at all times the airman's certificate or certificates required for his status. If such pilot shall permit such certificate or certificates to lapse, he shall retain the seniority already accrued to the time of such lapse and shall have a period not to exceed one (1) year in which to regain such specified certificate or certificates. If he does **so** regain such specified certificate or certificates within one (1) year, his seniority shall recommence to accrue from the date his certificate or certificates are **so** regained.

21.03 When a pilot is posted to Permanent Management Pilot duty on account of sickness or injury or becomes sick or injured while on such duty, he shall retain his seniority during such period of sickness or injury regardless of whether or not he is able to maintain his airman's certificate or certificates required for his status, until he is able to return to flying duty or is found to be unfit for such duty for a continuous period of three (3) years unless extended by mutual agreement between the Company and the Association.

21.04 Only pilots on the Air Canada Pilots' System Seniority List may hold Permanent Management Pilot, Acting Check Pilot or Acting Flight Instructor positions with the Company.

21.05 All simulator license checks (excluding training and IPFs) and all airborne training checks will be conducted by Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors on the Air Canada Pilots System Seniority List, or a Transport Canada Air Carrier Inspector.

21.06 Acting Check Pilots and Acting Flight Instructors will not be required to write disciplinary letters nor undertake any other disciplinary action.

21.07 Revenue flying equal to two hundred and forty (240) hours annually times the number of Permanent Management Pilots may be selected and flown by such pilots, in addition to any non-revenue flying. Acting Check Pilots or Acting Flight Instructors annual allotment of flying will be limited to the number of months of temporary assignment multiplied by twenty (20) hours in any calendar year.

21.07.01 Should the Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors on any aircraft type in the fleet exceed the limitations of Article 21.07, a pay penalty equal to the dollar amount of the excess flying performed will be credited to the Association to offset Association business displacement costs.

21.07.02 The flying specified in Article 21.07 may be taken from open flying or from block selections.

- 21.07.03 The following types of flights will be considered non-revenue, provided no revenue passengers are carried or revenue cargo is carried: Airborne Flight Training, Publicity Flights, Aircraft Acceptance Flights, Maintenance Test Flights, Ferry Flights other than Placement Flights (e.g. Gear Down Ferry, or any other Maintenance Ferry Flight). All other flights are considered to be revenue flying.
- 21.07.04 The Company will provide the Association with a monthly report of the flying performed by each Permanent Management Pilot, Acting Check Pilot and Acting Flight Instructor. This will be done in a timely manner and such report will include all flying performed by each individual Permanent Management Pilot, Acting Check Pilot and Acting Flight Instructor. (This flying to include: ACPA open time, NOPA, Permanent Management Pilot flying, Acting Check Pilot and Acting Flight Instructor flying, Checking, Instructing, Competency flying.)
- 21.07.04.01 Permanent Management Pilots', Acting Check Pilots' and Acting Flight Instructors' KRUZ Master Schedule data will be accessible to all pilots.

21.08

- 21.08.01 In order to avoid displacements and meet line check requirements, a selection of First Officer and/or Relief Pilot pairings will be withheld by the Company from the monthly block award process after the Captain block awards are completed. These pairings will be assigned to Supervisory Captains, reserve Captains, First Officers and/or Relief Pilots, reserve First Officers and/or Relief Pilots, who are due/planned for line checks. These pairings will correspond to all First Officer flying awarded on Supervisory Captain blocks, and one (1) First Officer pairing shall be selected from line Captain blocks where the line Captain is due/planned for a line check. The bidding process will be developed to award these First Officer/Relief Pilot pairings to the First Officer/Relief Pilots who are due for a line check via the preferential bid system. Any withheld flying not used for recurrent line checks will be either awarded as part of the monthly bid process or placed in open time.
- 21.08.02 Notwithstanding Article 21.07, for the purposes of the processes described in 21.08.01, the Company may withhold from the monthly block award process a maximum of ten (10:00) hours per pilot per annum on a system basis (based on the number of active line pilots as of January 01st of each year, all fleet types combined). Should this limitation be exceeded, a pay penalty equivalent to the excess flying hours at B767 First Officer rates (12th year, ½ day , ½ night), will be credited to the Association to offset Association business displacement costs.
- Note: The flying performed by Supervisory Pilots in conjunction with line checks on line Captains is exclusive of both the Supervisory allotment and associated pay penalty described in Art. 21.07
- 21.08.03 The process for bidding recurrent training simulator periods and ART will be developed and automated using the Preferential Bid System.
- 21.08.04 Every attempt will be made to utilize flying that is efficient for line check purposes. Any dispute as to the type of pairings being withheld for recurrent line checks will be resolved by the PBSC subject to the applicable Chief Pilot approval.
- 21.08.05 The Preferential Bid Committee will oversee the automation, implementation and application of the pre-assignment of Simulators, line checks and Annual Recurrent training (ART). In the interim, the Preferential Bid Committee will have the authority to develop interim measures to implement the manual application of the principles.

Note: The PBSC will develop and implement a methodology within the context and intent of Article 21.08 for the assignment of recurrent line checks for Relief Pilots.

- 21.09** When block selections are required for Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors the block selections shall be bid and awarded in accordance with the system seniority, and status of individual Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors, with the provision that Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors on each type of equipment shall bid in rotation, and further provided that flights in the awarded block(s) may be flown by any Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors.
- 21.10** The number of blocks awarded to Permanent Management Pilots, Acting Check Pilots and Acting flight Instructors for each equipment type at any base shall be limited to five (5%) percent of the Pilots eligible to bid Captain and First Officer monthly block assignments for that equipment type at that base divided by two (2). Values of (0.5) or greater shall be rounded up to the next number. The numbers will be obtained from the Crew Planning department. Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors shall bid blocks with system seniority in their status in accordance with the bid rotation detailed in Scheduling Rule 4.02.03.
- 21.11** A Permanent Management Pilot, Acting Check Pilot (ACP) or Acting Flight Instructor (AFI) shall not be prevented from completing a pairing as a result of the limitations specified herein.
- 21.12** When a Permanent Management Pilot, Acting Check Pilot or Acting Flight Instructor is taking all or part of his flying from open flying, he may select, in accordance with his seniority and SR8.03, along with Reserve pilots, any open flying remaining available after the award of open time to blockholders on make-up has been completed.
- 21.13** Notwithstanding any of the provisions of this Article, any Permanent Management Pilot, Acting Check Pilot or Acting Flight Instructor may fly any flight for which there is no regular line pilot available. Such flights will be included in the annual maxima specified in Article 21.07.
- 21.14** A pilot may be removed from his flight by a Permanent Management Pilot, Acting Check Pilot or Acting Flight Instructor provided that in such cases the pilot shall, in addition to base pay, be paid and credited for flight time limitation purposes for the flight as if it had been flown according to schedule. Such flights will not be included in the annual maxima specified in Article 21.07.
- 21.15** Second Officer Acting Check Pilots or Acting Flight Instructors flying time will only be accumulated and used as Second Officer time. Second Officer Acting Check Pilots or Acting Flight Instructors may only take open time from the Second Officer open time.
- 21.16** It is understood that Acting Check Pilots (ACP's) and Acting Flight Instructors (AFI's) are responsible to, and under the direction of, the Chief Pilots for a range of duties related to the fulfillment of the Company's Training and Checking requirements.
- 21.17** ACP's and AFI's will be paid the Designated Monthly Maximum (DMM) ½ day, ½ night rates on the pilot's qualified position, plus nav-aid and overseas pay if applicable.
- 21.18** Pay rates will be based on the pilots' qualified position or awarded position according to activation date under Article 25, and actual years of service to the 12th year.

21.19 An ACP or AFI will be paid a monthly override based on the pilots' accumulated years of service as an ACP, AFI or Permanent Management Pilot, to a maximum of \$1,333 as follows.

Year one (1)	\$1,003
Year two (2)	\$1,133
Year three (3)	\$1,267
Year four (4)	\$1,333

21.20 The monthly pay overrides will not be decreased without the agreement of the Association or increased without notification to the Association.

21.21 ACP's and AFI's will be guaranteed a minimum of thirty six (36) days off per quarter and a minimum of ten (10) days off per month unless otherwise agreed between the individual ACP, AFI and his Chief Pilot.

21.22 Vacations will be scheduled by the Company to a date that is mutually agreeable to the Chief Pilot and the ACP or AFI. Vacation of an ACP or AFI planned on such an assignment for less than the entire vacation year will be bid in accordance with Article 18.

Note: Notwithstanding the above, it is further understood and agreed that all existing working conditions and all duties currently performed by ACP's and AFI's as of September 10, 1998 shall continue.

ARTICLE 22 - SENIORITY

22.01 The seniority date of a pilot shall be the date on which he is designated as and received remuneration as a Pilot. When two (2) or more Pilots are designated as such on the same date, their seniority shall be established in accordance with the date of their employment on the flight staff of the Company. If they were employed on the same date, their respective positions on the Pilots' System Seniority List shall be decided by the Company, provided that in no case shall a pilot's seniority date be later than the date of his first flight as a Pilot.

For greater clarity, in the event of any future:

- declaration of common employer status and/or declaration of sale of business;
- purchase or merger of airlines or parts thereof; or
- other combination of flying operations under the Company;

the seniority of employees who are to be added to the seniority list as a result of such event shall commence no earlier than the date of the issuance of any CIRB order regarding the declaration of common employer status and/or sale of business, the date of the future purchase or merger of airlines, or the date of such other future combination of flying operations, as the case may be.

22.02

22.02.01 System Seniority shall govern all pilots in matters of a system-wide nature, including their choice of base assignments, their retention in the event of a reduction in force, and their subsequent re-employment after furlough due to such reduction.

22.02.02 Base Seniority shall govern all pilots in matters of a base nature, including promotion or demotion, assignment or reassignment due to expansion or reduction in schedules, block awards, vacation awards, application of the scheduling rules, and choice of equipment assignments, provided the pilot is sufficiently qualified for the conduct of the operation involved. In the event a pilot is considered by the Company not to be sufficiently qualified, the Company shall immediately furnish such pilot written reasons therefore.

22.03 Loss of Seniority - Any pilot once having established a seniority date hereunder shall not lose that date except by termination of employment as a pilot with the Company, or as otherwise provided in Article 21 of this Agreement.

22.04 Pilots' System Seniority List - The Company shall maintain the "Pilots' System Seniority List", which shall specify the seniority number, name, seniority date and date of employment on the flight staff of the Company, of all pilots entitled to seniority. The seniority date of new pilots added to the Seniority List shall be established in accordance with the provisions of Article 22 of this Agreement.

22.05 The Company shall, by January 31st of each year, post on bulletin boards at each pilot base and furnish each pilot with a copy of the Pilots' System Seniority List, brought up to date to include changes or additions which have occurred since the posting of the previous list.

22.06 Seniority Protests - A pilot shall be permitted a period of sixty (60) days after any posting of the Pilots' System Seniority List each year in which to protest to the Company any omission or incorrect posting affecting his seniority.

- 22.07** A pilot on leave or away from his base station at the time of posting of the list shall have a period of thirty (30) days from the date of his return to his base station during which to file such protest.
- 22.08** Any incorrect posting or any other discrepancy which went unprotested on the annual Seniority List in which it first appeared shall not be protested on any subsequent annual posting except that typographical and clerical errors may be corrected at any time.
- 22.09 Retention of Seniority – Medical** – A pilot who is medically unfit shall not have his name removed from the Pilots' Seniority List prior to reaching age 60.

ARTICLE 23 - PERIOD OF PROBATION

23.0 The probationary period for a pilot begins from the date of his first flight as a pilot.

23.02 Pilots will normally be on probation for twelve (12) months from the date of first line flight. In special circumstances, the probationary period may be extended up to an additional six (6) months and in such case, the pilot concerned and the Association shall be advised by the Company in writing stating the reasons.

ARTICLE 24 - BASE TRANSFER AND RELOCATION PAY

- 24.01 Transfer to a New Base** - A pilot permanently transferring to another base, either at Company request or at his own request, shall be released from his former base with a transfer date as determined in Article 25.11.
- 24.02** During approved time off for travelling purposes, a pilot on transfer shall be paid in accordance with the provisions of this Article. The maximum allowable time for travelling shall be established by the Vice President, Flight Operations, but shall not normally exceed seven (7) consecutive calendar days, exclusive of the last day actually on duty at the pilot's former base and the date he is to report at the new base.
- 24.03** Should a pilot fail to report to his new base within the time limit established, he shall be removed from the payroll until the date that he does report, and his flying pay guarantee specified in Articles 24.04 or 24.05, as applicable, shall be adjusted accordingly.
- 24.04** Provided the conditions specified elsewhere in this Article are complied with, during any month in which a blockholder transfers to another base, either at Company request or his own request, he shall for that month receive his actual flying pay, or flying pay for the flights in his block for the whole month as if flown according to schedule, whichever is the greater. If through no fault of his own a pilot is not qualified to fly in his pilot status at the new base by the first of the month following his transfer, his flying pay for that month or any subsequent month shall be based on the greater amount of Articles 24.04.01 or 24.04.02 below:
- 24.04.01 His normal guarantee for the month; OR
- 24.04.02 His daily average flying pay during the previous three (3) block months (exclusive of leave of absence without pay) for each day up to the date of qualification, plus his actual flying pay for the remainder of the month. This daily average flying pay shall be adjusted to include negotiated pay increases and any incremental pay increases. For flight time limitations, such pilot shall be credited with one thirtieth (1/30th) of the designated monthly maximum for each day up to the date of qualification.
- 24.05** Provided the conditions specified in 24.02 are complied with, during any month in which a pilot not holding a block selection transfers to another base, either at Company request or at his own request, he shall for that month receive his actual flying pay, or his daily average flying pay during the previous three (3) block months (exclusive of leave of absence without pay), whichever is the greater. If through no fault of his own a pilot is not qualified to fly in his pilot status at the new base by the first day of the month following his transfer, his flying pay for that month or any subsequent month shall be based on the greater of Articles 24.05.01 or 24.05.02 below:
- 24.05.01 His normal minimum guarantee for the month; OR
- 24.05.02 His daily average flying pay during the previous three (3) block months (exclusive of leave of absence without pay), for each day up to the date of qualification plus his actual flying pay or his minimum guarantee prorated for the remainder of the month. This daily average flying pay shall be adjusted to include negotiated pay increases and any incremental pay increases. For flight time limitation purposes, such pilot shall be credited with one thirtieth (1/30th) of the designated monthly maximum for each day up to the date of qualification.

ARTICLE 25 – PILOT POSITION ASSIGNMENT

25.01 Pilot Position

25.01.01 A pilot position will be defined by Base-Equipment-Status.
e.g.: YZ B-767 C (Toronto B-767 Captain)

25.01.02 Equipment/Status Ratings

For the purpose of Article 25, equipment and status shall be rated in the following order regardless of base:

1	B-747/400 Captain	15	B-787 First Officer
2	B-747 Captain	16	B-767 First Officer
3	B-777 Captain	17	CL-65 Captain
4	A-330/340 Captain	18	A-319/320/321 First Officer
5	B-787 Captain	19	B-737 First Officer
6	B-767 Captain	20	DC-9 First Officer
7	A-319/320/321 Captain	21	EMJ-170/175/190 First Officer
8	B-737 Captain	22	B-747 Second Officer
9	DC-9 Captain	23	B-747/400 Relief Pilot
10	EMJ-170/175/190 Captain	24	B-777 Relief Pilot
11	B-747/400 First Officer	25	A-330/340 Relief Pilot
12	B-747 First Officer	26	B-787 Relief Pilot
13	B-777 First Officer	27	B-767 Relief Pilot
14	A330/340 First Officer	28	CL-65 First Officer

For the purpose of base-status calculations only, the CL65 Captain assignments will be included in the First Officer base-status statistics on the associated base, and the CL65 First Officer assignments will be included in the Second Officer statistics on the associated base.

For the purpose of base-status calculations, the Relief pilot positions will be included in the Second Officer statistics on the associated base.

25.01.03 Every pilot on the Air Canada system seniority list will be deemed an "active" line pilot and will hold an Awarded Position with the exception of:

- 25.01.03.01 Permanent Management Pilots;
- 25.01.03.02 Retired pilots;
- 25.01.03.03 Pilots on Long Term LOA, for Sickness or otherwise, as determined by the CMSC;
- 25.01.03.04 Pilots who have resigned or been terminated;
- 25.01.03.05 Pilots who are surplus;
- 25.01.03.06 Pilots who have been furloughed;
- 25.01.03.07 Deceased Pilots;
- 25.01.03.08 Pilots as detailed under provisions of Article 14, as determined by the CMSC; and
- 25.01.03.09 Pilots suspended under provisions of Article 29, as determined by the CMSC.

25.01.04 Pilots who are not "active" as defined above in 25.01.03 will not hold an awarded position and will be deemed as "inactive" line pilots and assigned a designated base, as appropriate, in order to determine certain rights and restrictions as they exist under this Article when returning to active line duty. This designated base will be the base at which the pilot last held an awarded position as an "active" line pilot.

25.02 Position Requirements

25.02.01 The Crew Manning Steering Committee (CMSC) will meet twice (2) a year to produce a CMSC Review and subsequently a Pilot Position Assignment List. The committee will review actual flying compared to the forecast flying for the previous twelve (12) months, future forecast flying and will establish position vacancy and/or reduction requirements for each base. The CMSC shall report the results of each review to Air Canada and the MEC Chairman, and post the expected vacancies and/or reductions, or lack thereof, on Article 25 Bulletin Boards within thirty (30) days.

25.02.02 CMSC review closing date ranges:

Pilot Position Assignment List XX-01: Jan 1 - Jun 30
Pilot Position Assignment List XX-02: Jul 1 - Dec 31

(Where XX would indicate year, i.e., 90-01)

25.02.03 The CMSC may decide that additional CMSC Reviews are required and may meet as described above in 25.02.01 to produce additional CMSC Reviews or at any time to resolve other matters as necessary.

25.02.04 The number of positions shall be determined by the following formula:

25.02.04.01 Scheduled flying hours plus flight time credits for each equipment type and status per block month divided by eighty-one (81) hours; PLUS

25.02.04.02 Seven percent (7%) of 25.02.04.01 for reserve coverage; PLUS

25.02.04.03 Vacation people-month requirements; PLUS

25.02.04.04 Acting Check Pilots, Acting Flight Instructors.

25.02.05 Additional Reserves

Nothing herein shall prevent the Company from increasing position assignments for reserve coverage in excess of the seven percent (7%) as set forth in Article 25.02.04.02.

25.02.06 Cancellation of CMSC Review

A CMSC Review may be cancelled by the CMSC prior to but not on or after the bid closing date. A subsequent CMSC Review will be posted during the same period or as soon as possible thereafter with respect to necessary time periods required between posting and closing dates as detailed elsewhere in Article 25.

25.03 Position Vacancies/Reductions

25.03.01 A replacement vacancy is created as a result of retirement, resignation, termination, surplus, furlough, death, long-term sickness, Articles 14/29, or appointment as a Permanent Management Pilot.

25.03.02 A regular vacancy is created as a result of an insufficient number of pilots assigned to a position.

25.03.03 A reduction exists whenever the number of pilots currently assigned to a position plus any vacancies existing for that position are in excess of the number of pilots required.

- 25.03.04 A forced reduction is a reduction that must be assigned, in reverse order of seniority, as a result of unawarded reductions remaining during the bid process. Only pilots who are forced to take such reductions will be deemed to be "forced to reduce" from their position.
- 25.03.05 A subsequent vacancy or reduction is a vacancy or reduction (as defined above in 25.03.02 and 25.03.03) created as a result of a change in a pilot's awarded position during a bid award and will not be posted but actioned automatically during the bid award process.

25.04 Posting Position Vacancies and Reductions

- 25.04.01 Vacancies and reductions will be posted on all Article 25 Bulletin Boards following each CMSC Review showing reasons and dates as applicable. While vacancies are normally posted after they have occurred, retirements and surplus (planned furloughs) can be posted up to one year in advance.
- 25.04.02 Posting of vacancies and reductions must take place in adequate time **so** as to ensure that the closing date will not be less than fifteen (15) days or two (2) days longer than the longest pairing in the system, whichever is greater, from the date of posting.
- 25.04.03 The closing date for all vacancies and reductions shall be chosen to fall within the next available Bid Period as detailed in Article 25.02.02 and will be announced with the release of the next CMSC Review.

25.05 Standing Preferential Bid

- 25.05.01 A pilot will be responsible for submitting a Standing Preferential Bid which reflects his current position preferences. This bid will be kept on file and considered current until a more current bid is received.
- 25.05.02 A pilot who does not submit a Standing Preferential Bid or who submits an insufficient number of choices will be considered as requesting to remain in his currently awarded position.
- 25.05.03 A pilot may qualify his Standing Preferential Bid by bidding:
 - 25.05.03.01 [P], percentage from the top, or
 - 25.05.03.02 [T], positions from the top, or
 - 25.05.03.03 [B], positions from the bottom

as provided for on the Standing Preferential Bid form. The pilot may also indicate, via the SPB form, those bids that are only valid if associated with a Company paid move. Delayed course requests can also be indicated as per 25.10.05.

- 25.05.04 Bid preference lines must be complete in all respects with regard to Base, Equipment, and Status. No assumptions will be made on behalf of the pilot. Incomplete bid lines will be disregarded except as follows:
 - 25.05.04.01 A blank numerical value in the qualification field will indicate an unrestricted bid for the indicated position.
 - 25.05.04.02 A blank qualifier (i.e., P/T/B) will be interpreted as a [B], (or from the Bottom) qualifier.

25.05.05 A pilot may indicate via the SPB form (R/O Box), those bid lines that are valid only if a reduction on base or triple surplus reduction off base is available (Article 25.07).

25.05.05.01 This is only valid on a downbid to a lower rated position.

25.05.05.02 This will indicate that the pilot is bidding the position only if the 12 month freeze per Article 25.06.09 below will be applied.

25.06 Freezes

25.06.01 Pilots who are in their last 18 months of service prior to normal retirement as of the closing date of an associated CMSC Review will be frozen from the award of any vacancy or reduction that involves changing equipment and/or status with the following exceptions:

25.06.01.01 Pilots who require less than a full transition course may be awarded a position and trained at Company option; OR

25.06.01.02 In cases where economic factors override, the CMSC may determine that it is practical to award a position and train a pilot with less than 18 months service remaining; OR

25.06.01.03 Pilots who are force reduced from their awarded position.

25.06.01.04 Pilots who are denied an award in accordance with Article 25.06.02 who have had an opportunity to bid the position prior to their last 18 months of service shall not be entitled to pay-in-lieu as described in 25.06.05 unless their SPB which was valid for a bid during the period 24-18 months prior to retirement has not been changed.

25.06.02 Pilots who are in their last 19 to 30 months of service prior to normal retirement as **of** the closing date of an associated CMSC Review may be frozen at the discretion of the Company from the award of any vacancy or reduction that involves changing equipment and/or status.

25.06.03 Pilots who are not frozen as in 25.06.02 or 25.06.03 above and are awarded a position involving a change in equipment and/or status will commence training no later than 90 days prior to their normal retirement date, unless they have been force reduced from their awarded position in which case training will be at Company option.

25.06.04 Pilots who are frozen, in accordance with 25.06.02 and 25.06.03 above, from a position which they would have otherwise held, will be paid hour for hour at the greater of the rates on their current position or the denied position effective with the earliest of the following dates:

25.06.04.01 the activation date the pilot would have received had the pilot not been denied training, as detailed in Article 25.09; OR

25.06.04.02 in accordance with the first applicable condition as follows:

25.06.04.02.01 the earliest qualification or activation date of any pilot junior to them currently qualified in the same position and requiring the same training who was awarded, (on the same bid award), the same position as that denied;

- 25.06.04.02.02 the earliest qualification or activation date of any pilot junior to them currently qualified in the same position who required training and was awarded, (on the same bid award), the same position as that denied;
- 25.06.04.02.03 the earliest qualification or activation date of any pilot junior to them who required training and was awarded, (on the same bid award), the same position as that denied;
- 25.06.04.02.04 the earliest qualification or activation date of any pilot junior to them who was awarded, (on the same bid award), the same position as that denied.
- 25.06.04.03 Pay as described above in Article 25.06.05 will continue until such time as the pilot fails to indicate a preference for such position on his standing preferential bid or the pilot's seniority does not otherwise entitle him to hold the associated position, (i.e., pay will be discontinued when there are no pilots junior to such pilot who are assigned or qualified in the associated position).
- 25.06.05 Pilots who upbid may be frozen at the discretion of the Company from the award of any vacancy to a lower or higher rated position for a period of thirty (30) months following the closing date of the associated bid award except when such award involves a base transfer.
- 25.06.06 Pilots who downbid on their own base may expect to be frozen at the discretion of the Company from changing equipment and/or status for a period of forty-eight (48) months from the closing date of the associated bid award, except that the duration of this freeze for pilots who downbid on their own base to the position of CL65 Captain will be thirty (30) months from the closing date of the associated bid award.
- 25.06.07 Pilots who downbid on a vacancy in conjunction with a base transfer will be frozen from changing equipment for a period of twenty-four (24) months and frozen from changing status for a period of thirty (30) months, following the closing date of the associated bid award.
- 25.06.08 Pilots moving on a reduction as described in Article 25.07.02 may be frozen from the award of any vacancy for a period of twelve (12) months, from the date of the associated Bid award except when using RIR.
- 25.06.09 Pilots who are restricted as to equipment and/or status by specific individual agreement between the pilot and the company will be allowed to change equipment and/or status only with company approval. The company will provide the association with a list of pilots so affected whenever an Pilot Position Assignment List is published.
- 25.06.10 A pilot returning from a leave of absence which has been greater than twelve (12) months in duration will be frozen at his own base from upbidding for a period of twelve (12) months and downbidding for a period of thirty (30) months from his return date. Until qualified, a pilot returning from a leave of absence which has been greater than twelve (12) months duration will not be eligible to bid to a new base.
- 25.06.11 On subsequent equipment bids the Company may release a pilot from all the freezes listed in this article, based on consistent economic principles with due regard to seniority, to a preferred higher rated position as indicated on the Pilots SPB.

25.07 Awarding Position Vacancies and Reductions

- 25.07.01 A posted position vacancy shall be awarded to the senior pilot bidding for such vacancy, subject to the preferences specified in his Standing Preferential Bid (SPB), the provisions of Article 22 (Seniority), and except as otherwise provided for in Articles 25.06, 25.07.03, 25.07.04 and 25.08. Only a pilot holding an awarded position (or a RIR) in the base-status in which a vacancy occurs shall be eligible for award of such vacancy if:
- 25.07.01.01 The number of pilots required for the base-status (including higher rated status on the same base) is less than or equal to the existing number for that base-status (including higher rated status on the same base) at the time of the award; **OR**,
 - 25.07.01.02 The number of pilots required for that base is less than or equal to the existing number (including surplus pilots being reactivated to their designated base) at the time of the award.
- 25.07.02 Except as otherwise provided in Article 25, a reduction may only be awarded to a pilot who is moving to a position on his current base. A reduction may only be awarded to:
- 25.07.02.01 A pilot who is moving to a lower rated position; **OR**
 - 25.07.02.02 A pilot who is forced reduced from his current awarded position as described in 25.07.06; **OR**
 - 25.07.02.03 A pilot who is currently holding the same awarded position as a forced reduced pilot and elects to use the seniority of the forced reduced pilot to enable him to move to a higher rated position on his current base. Seniority of the forced reduced pilot shall only be used to determine the eligibility for such a reduction; **OR**
 - 25.07.02.04 Pilots as described in Articles 25.07.06, 25.07.07 and 25.07.08; or,
 - 25.07.02.05 A "triple surplus" reduction may be awarded to a pilot if the following conditions are met:
 - 25.07.02.05.01 More pilots in awarded position than required; and,
 - 25.07.02.05.02 More pilots in awarded base-status than required; and,
 - 25.07.02.05.03 More pilots on awarded base than required; and,
 - 25.07.02.05.04 Pilot is moving to an equal or lower rated position on a base which has fewer awarded pilots than jobs available (i.e.: OPEN BASE).
- 25.07.03 Freezes as described in Articles 25.06.06, 25.06.07, 25.06.08, and 25.06.09 will not apply to pilots who are forced to take a reduction.
- 25.07.04 Freezes as described in Article 25.06.06, 25.06.07, 25.06.08, and 25.06.09 will not apply to pilots electing to take a reduction to a lower rated position.
- 25.07.05 When a reduction exists on a pilot's current position and a vacancy exists on the pilot's requested position, the pilot will be deemed to be moving on the vacancy (if to higher rated position) or reduction (if lower rated position), as appropriate, with the other being cancelled as the result of such a move.

- 25.07.06 A forced reduction is assigned to a pilot whenever the pilot can no longer hold his current equipment by virtue of his seniority. Forced reduction will be in accordance with the pilot's SPB. However, if there is no SPB on file or if there are an insufficient number of choices on an SPB during the award process and a forced reduction is required, a pilot so affected shall be awarded a position, subject to his seniority, in accordance with the following priority:
- 25.07.06.01 His qualified position if on base.
 - 25.07.06.02 Previous position if on base.
 - 25.07.06.03 Next lower rated position on base until exhausted.
 - 25.07.06.04 Highest position on his base that his seniority entitles him to.
 - 25.07.06.05 Most junior position on most junior base that has a net increase. Company paid move.
 - 25.07.06.06 Most junior position on most junior base. Company paid move.
 - 25.07.06.07 Surplus.
- 25.07.07 A pilot forced to reduce from his awarded position to a lower rated status, who has sufficient seniority to hold a position at another base which would enable him to maintain or improve his status may elect to move to that base.
- 25.07.08 If a pilot on a base is force reduced out of his current position and is unable to hold any other position at his base, he shall have the option of moving to any position that he can hold in the system. If the pilot elects to move to a base which has, at that time, more jobs available than awarded pilots (i.e., OPEN BASE), then this move shall be at Company expense.

25.08 Reinstatement Rights

- 25.08.01 Reinstatement rights (RIR) to a position will only be assigned when a pilot is forced to reduce from his awarded position. These RIRs have a thirty (30) month duration from the closing date of the bid associated with the reduction subject to the provisions of Article 25.08.06.
- 25.08.02 Pilots, when reduced to the extent that they can no longer maintain a position in their awarded base-status, will also acquire any RIRs to a position in that same Base-Status held by pilots junior to them. These RIRs, whether awarded or acquired, have a thirty (30) month duration from the closing date of the bid associated with the reduction subject to the provisions of Article 25.08.06.
- 25.08.03 RIRs will "reserve" vacancy assignments subject to reductions and availability.
- 25.08.04 RIRs will be effective immediately and include the current position assignment award.
- 25.08.05 When more than one pilot holds RIRs, the RIRs will be honored in seniority order subject to the pilots' SPBs.
- 25.08.06 A pilot will lose a RIR whenever he bypasses any opportunity to exercise that RIR, when he is reinstated by that RIR or when the RIR expires.
- 25.08.07 Any pilot who elects to change base without being forced will not be entitled to RIRs at the base he elects to move from.
- 25.08.08 A pilot who is forced to change base and elects to move to the most senior position that he can hold at his new base shall inherit and have the right to exercise any RIRs to a position on that same Base, held by pilots junior to him.

25.09 Activation Dates

- 25.09.01 The training and activation dates for all vacancies and reductions will be provided by the Company within sixty (60) days of the closing date of the associated CMSC Review.
- 25.09.02 Activation dates will be established for those pilots who are awarded a position change on an associated bid award. The activation date will be based upon the relative percentage position held by the pilot on his newly awarded position. The date will be established as the earliest of:
- 25.09.02.01 Date of closing plus 7 months, for top 25%; OR
 - 25.09.02.02 Date of closing plus 9 months, for top 50%; OR
 - 25.09.02.03 Date of closing plus 11 months, for top 75%; OR
 - 25.09.02.04 Date of closing plus 13 months, for top 100%; OR
 - 25.09.02.05 Date of closing plus 15 months, for any pilot requesting delayed training; OR
 - 25.09.02.06 On completion of a specific CMSC bid award, when more than 30% of the active pilots require training, the activation dates will be calculated as above plus two (2) months.
- 25.09.03 When an aircraft type new to a specific base first appears in a CMSC Review for bidding purposes, the activation dates associated with those aircraft positions will be calculated as in 25.09.02 above plus four (4) months to facilitate introduction planning. For the purposes of this article, an aircraft type will be deemed to be new to a specific base if assignments on the type have not existed on that base within the previous three (3) years.
- 25.09.04 For pilots who downbid, the activation dates as determined in 25.09.02 and 25.09.03 will supersede any previously held activation dates. Previously held activation dates will no longer apply and any pay associated with such previous activation dates will cease.
- 25.09.05 Pilots who do not downbid will maintain their interim activation dates until qualified in their final awarded position.

25.10 Training Dates

- 25.10.01 Subject to requests for late training and where practicable, when two or more pilots are awarded identical new positions they shall be trained to that new position in order of activation date, then seniority, regardless of their currently qualified position.
- 25.10.02 When two or more pilots are awarded identical new positions, they shall be trained in order of activation date, then seniority, from amongst those pilots who are being trained to that new position provided they are being trained from identically qualified positions, subject to vacation, illness and the provisions of Article 25.10.03 and 25.10.04.
- (e.g., All pilots who are currently qualified as Winnipeg A-319/320 Captain who require training to a newly awarded position as Toronto B-767 Captain will be trained in order of activation date, then seniority.)
- 25.10.03 Pilots who have previously held their newly awarded equipment and status and who do not require a full transition course, may be trained out of order.

- 25.10.04 A pilot may request a delayed course (late training) for any bid award. Where possible, when a pilot makes such a request, he will be scheduled in reverse order of seniority for the applicable course, that is, the most senior pilot making the request will be trained last. Such requests will be subject to vacation, illness, Article 25.10.03, and training plan requirements. Pilots granted delayed training hereunder will be subject to the provisions of Article 25.09.
- 25.10.05 A request made under the provisions of Articles 25.10.04 shall be indicated by placing a mark in the appropriate box marked "DC" (delayed course) on the pilot's SPB next to the applicable preference line.
- 25.10.06 Once assigned a training and activation date, a pilot may request a training delay for personal reasons. At the discretion of the Company a training delay may be approved, however, the activation date may be rescheduled to 60 days after the new training date at the discretion of the Company. Any training delays more than three (3) months beyond the associated training period must be approved by the CMSC. In addition, any pilot who for reasons of illness or injury is unable to commence training on the assigned date will be deemed to have requested a training delay for personal reasons and will be handled in accordance with the above.

25.11 Base Transfer

- 25.11.01 In no case will a base transfer take place within ninety (90) days of the awarding of a vacancy unless by mutual agreement between the pilot and the Company.
- 25.11.02 A pilot who is awarded a vacancy involving a base transfer shall be transferred upon completion of any required training subject to the provisions of 25.11.01.
- 25.11.03 A pilot awarded a vacancy involving a base transfer who does not require training shall be assigned a transfer date of not later than his activation date on the associated bid award. This transfer date will not change should a pilot be awarded another position on the same new base prior to his assigned transfer date.
- 25.11.04 Once assigned a training and transfer date, a pilot may request a training and/or transfer date change for personal reasons. At the discretion of the Company such change may be approved subject to Company requirements, however, if a training delay is involved the pilot's activation date may be rescheduled in accordance with 25.10.06. In no case will a pilot's transfer date be advanced by more than six (6) months.
- 25.11.05 A pilot undergoing Command training shall be transferred upon completion of any transition training required to qualify him for the commencement of his left seat flying as a First Officer subject to the provisions of 25.11.01.
- 25.11.06 A Company paid move will only apply in cases where a pilot is forced from his current base and elects to move to a position at a base with a shortage of pilots (i.e.: OPEN BASE) as per Article 25.07.08.
- 25.11.07 A pilot transferring on a Company paid move under this Article shall be entitled to:
 - 25.11.07.01 Two (2) space available passes between his current base and his new base for the pilot and his spouse to facilitate the arranging of accommodation at his new base; and
 - 25.11.07.02 One (1) positive space pass between his current base and his new base for himself and his family for the actual move to his new base; and

- 25.11.07.03 Moving expenses in accordance with Company Publication 710
- 25.11.08 A pilot transferring at his own expense shall be entitled to:
- 25.11.08.01 Two (2) space available passes between his current base and his new base for the pilot and his spouse to facilitate the arranging of accommodation at his new base; and
- 25.11.08.02 One (1) space available pass between his current base and his new base for himself and his family for the actual move to his new base.
- 25.11.09 A pilot awarded a position involving a transfer who has not commenced any required training by his transfer date may, by mutual agreement between the Company and the pilot, elect to be transferred to his newly awarded base to fly his qualified equipment and status if it exists on his new base. In such a case, the pilot will be trained to his new equipment prior to any pilot junior to him who received the same position awarded on the same bid. Otherwise, the pilot will continue to fly his qualified equipment and status on his current base until such time as he is transferred in accordance with Article 25.11.02.
- 25.11.10 In order to facilitate travel between his current base and his new base, a pilot who has not been transferred by the transfer date of his awarded vacancy involving a base move shall be entitled to:
- 25.11.10.01 Positive space passes between his former base and his new base;
- 25.11.10.02 Normal crew cycle expenses in accordance with Article 16.02 for hotel and meals while commuting, and;
- 25.11.10.03 Expenses and passes as outlined above shall apply for a period not to exceed two (2) complete block months, subject to an extension as outlined in 25.11.11 below.
- 25.11.11 A pilot shall be transferred to his new base not later than the end of the second complete block month after his transfer date except when an extension beyond the two (2) complete block months has been approved by the CMSC.

25.12 Failure to Qualify

- 25.12.01 The position of a pilot who becomes inactive as a result of failing to qualify will be posted as a replacement vacancy after a reasonable period of time, as determined by the CMSC.
- 25.12.02 A pilot returning to active duty subsequent to action taken as in 25.12.01 above, will return in accordance with Articles 14, 29, and 25.19.02.

25.13 Vacation

- 25.13.01 A pilot who is awarded a vacancy or reduction shall have his vacation rescheduled only by mutual agreement between the Company and the pilot.
- 25.13.02 A pilot shall not be awarded a vacation period that conflicts with a planned training period.

25.14 Permanent Management Pilots

- 25.14.01 The last position held by a pilot prior to being appointed to permanent management duty shall be posted as a replacement position vacancy within thirty (30) days of the effective date of his appointment.
- 25.14.02 A Permanent Management Pilot may choose to return to line duty by electing to assume any position, by seniority, at his designated base, regardless of the presence of a vacancy or he may bid on a vacancy at any other base subject to the provisions of Article 25.07.
- 25.14.03 In electing to bid for a vacancy at another base as in 25.14.02 above, a Permanent Management Pilot is not required to return to active line pilot status prior to submitting such a bid.
- 25.14.04 A Permanent Management Pilot may change his designated base provided his seniority would allow such a move and no downbid in status is involved as determined by the CMSC.

25.15 Inactive Pilots

- 25.15.01 .Inactive pilots who may be eligible for return to active status will have a designated base assigned at the time they are posted as inactive. Such base shall be the base at which the pilot was last awarded a position as an active pilot.
- 25.15.02 During the period in which a pilot is posted as inactive, RIRs and freezes will be considered dormant. They will again be valid when the pilot returns to active status unless they have expired in accordance with one of the following:
 - 25.15.02.01 Time expiry of the RIR or freeze (as applicable) or,
 - 25.15.02.02 in the case of an RIR, a junior pilot is reinstated or bypassed, or,
 - 25.15.02.03 in the case of a freeze, the pilot is returned to a position other than that from which he left, or,
 - 25.15.02.04 the pilot is furloughed.
- 25.15.03 Returning to Active Status - subject to satisfactory medical examination and aircraft re-qualification, pilots may elect to assume a position in accordance with the following table (and subject to Article 25.06.09), except in the case where senior pilots have been forced reduced from the returning pilot's Designated Base and hold RIRs on such Designated Base. In such case, the returning pilot will be assigned appropriate RIRs and will be eligible to assume the position (subject to Article 25.06.09), of any more junior pilot in the system (in the event of the return of the most junior pilot, he will assume the position held by the most junior active pilot). Once qualified in the declared position, the pilot will be considered 'active' and be eligible to bid.

CATEGORY RETURNS IN ACCORDANCE WITH THE FOLLOWING

- 25.15.03.01 **GDIP** - may elect to assume any position on their Designated Base, as entitled by the seniority.
- 25.15.03.02 **LOA - Twelve (12) Months or Less** – A pilot returning from a leave of absence which has been twelve (12) months or less in duration - will return to his awarded position at his Designated Base at the time such leave began as entitled by his seniority. If unable, due to insufficient seniority, or the removal of said position since such leave began, the pilot will assume any position at his Designated Base as entitled by his seniority.

- 25.15.03.03 **LOA – Greater Than Twelve (12) Months** – A pilot returning from a leave of absence which has been greater than twelve (12) months in duration shall become active in accordance with Article 25.01 upon his return date and may assume any position at his Designated Base to which his seniority entitles him and subject to agreement by the CMSC. CMSC considerations will include the likelihood of future vacancies, anticipated fleet plans and impact on other pilots. In the absence of CMSC agreement, he shall become active in accordance with Article 25.15.03.02.
- 25.15.03.04 **ETD (Art.14)** - will assume a position as entitled by their seniority and in accordance with Article 14 and as determined by the CMSC.
- 25.15.03.05 **TER (Art.29)** - will assume a position as entitled by their seniority and in accordance with Article 29 and as determined by the CMSC.
- 25.15.03.06 **SURPLUS** - will assume any position on their Designated Base, as entitled by their seniority. Pilots will only be returned to active status after all active pilots have had a chance to bid on the available vacancies for reactivation. The pilot's designated base will be protected during such bid as per the provisions of 25.07.01.02.
- 25.15.03.07 **FURLOUGH** - may elect to assume a position as entitled by their seniority in accordance with Article 32 and as determined by the CMSC.
- 25.15.04 A 'Surplus' pilot returning to active status who cannot return to his Designated Base and who does not bypass an opportunity to return to a position whereby he does not deny another pilot's return to his designated base, will be eligible for a Company-paid move.
- 25.15.05 Any pilot returning to active status (other than from "Surplus" or "Furlough") who cannot return to his Designated Base will be eligible for a Company-paid move if moving to a base designated by the Company as open to additional assignments.
- 25.15.06 Pilots who are inactive due to GDIP may elect a change in their base designation as a result of a previous RIR in accordance with Article 25.08.

25.16 Base Exchange

Pilots holding the same equipment and status shall be permitted to make a mutual exchange of bases provided that the pilots concerned are entitled by seniority to hold the position at the bases of intended transfer and provided that approval is obtained from the Association.

25.17 New Hires

Positions intended for new hire postings must first be offered to active line pilots during a bid award prior to being filled by new hire pilots.

25.18 Captain Training

- 25.18.01 A pilot scheduled for Captain Upgrade Training who is not qualified as a left seat First Officer by his activation date, will on successful qualification as Captain be paid retroactively the greater of:

- 25.18.01.01 The difference between his pay and minimum guarantee on his promotional equipment for the period from sixty (60) days after his activation date to the date he successfully qualifies as a Captain; **OR**
- 25.18.01.02 The difference between his pay and the pay of any pilot junior to him holding his promotional equipment for the period from sixty (60) days after his activation date to the date he successfully qualifies as a Captain; **OR**
- 25.18.01.03 The difference between his rate of pay and the rate of pay of his promotional equipment for each hour flown for the period from sixty (60) days after his activation date to the date he successfully qualifies as a Captain.
- 25.18.02 A pilot who is qualified as a left seat First Officer by his activation date but is not qualified as a Captain by sixty (60) days after his activation date will be paid, retroactively upon qualification as a Captain, the greater of 25.18.01.01, 25.18.01.02, or 25.18.01.03 if any or a combination of the following situations occur.
 - 25.18.02.01 The Company has been unable to complete the required checks.
 - 25.18.02.02 The pilot, at Company request, has been required to fly a number of flights as a First Officer during his Command Indoctrination Training.
 - 25.18.02.03 The pilot has been unable to obtain the required amount of left seat flying time under supervision, due to difficulty in being awarded trips with right seat qualified Captains.
- 25.18.03 A pilot undergoing Captain Upgrade Training shall be transferred upon completion of any transition training required to qualify him for the commencement of Command Indoctrination Element subject to the provisions of 25.11.01.
- 25.18.04 A pilot scheduled for Captain Upgrade Training which involves a base move shall be entitled to the provisions of Article 25.11.10 if he has not been transferred by his activation date.
- 25.18.05 A pilot who fails at any stage of Captain Upgrade Training shall not be eligible for the pay benefits specified in Article 25.18.01 and .02 but rather as detailed in Article 14.

25.19 Pilot Position Assignment List

- 25.19.01 The Company shall, within ten (10) days after the closing date of any bid review, post a Pilot Position Assignment List at all Pilot Crew Bases showing the active pilots at all bases, their position, seniority number, and relative position (%).
- 25.19.02 The CMSC may add to any Pilot Position Assignment List:
 - 25.19.02.01 any pilot who has returned from inactive status, (e.g., Permanent Management Pilot, Articles 14, 20, or 29, etc.),
 - 25.19.02.02 pilots returning to their previous position, or if the position is no longer in the fleet to a lower rated position, as provided for in 14.04.01.03, 14.04.02.04 or 14.04.04.01; and
 - 25.19.02.03 new hire pilots.

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25.19.03 The list described in 25.19.01 above will be amended to include training and activation dates within sixty (60) days after the closing date of any bid review as per Article 25.09.

25.20 Glossary of Terms

25.20.01 “Activation Date”

The date, in accordance with Article 25.09, at which time the winner of such vacancy shall be paid at his new rates of pay or present rates of pay, whichever is greater (except failure to qualify as detailed elsewhere in Articles 14 and/or 25). The date is also to be used as the start date for benefits as provided in Article 25.11.10.

25.20.02 “Active Pilot”

Any pilot on the system seniority list who holds a Position on the current position list and deemed active as per Article 25.01.

25.20.03 “Article 25 Bulletin Board”

A bulletin board at each pilot base in the system set aside for the purpose of posting pertinent Article 25 information.

25.20.04 “Awarded Position”

The position held by an active pilot as a result of a bid award and defined by “Base, Equipment and Status”.

25.20.05 “Bid Award”

The process whereby position assignments are awarded to pilots in accordance with an associated CMSC Review and the provisions of Article 25.

25.20.06 “Captain Training”

Training for the successful bidder on a vacancy that will result in the initial promotion to Captain status of a pilot on the system seniority list.

25.20.07 “Closing Date”

The date declared by the CMSC as the closing date for the next Crew Planning Bid Review, at which time changes to a Standing Preferential Bid or a new bid will no longer be accepted for consideration during the associated bid award process.

25.20.08 “CMSC”

The Crew Manning Steering Committee consisting of two (2) representatives each from the Company and the Association who shall review all pertinent documentation in order to make accurate determinations of crew requirements. Documentation shall be provided to the CMSC on a confidential basis.

25.20.09 “Gender/Number”

This Agreement shall be read with all changes of gender and/or number that may be required by the context.

25.20.10 “Inactive Pilot”

Any pilot on the system seniority list who does not hold a position on the current list and deemed inactive as per Article 25.01.

25.20.11 “Month”

For the purpose of Article 25 a month is defined as thirty (30) days.

- 25.20.12 **“Normal Retirement Date”**
The date when a pilot is required to retire under the terms and conditions of the Agreement.
- 25.20.13 **“Posting Date”**
The date when a position vacancy or reduction is posted on all Article 25 Bulletin Boards.
- 25.20.14 **“Qualification Date”**
The date a pilot successfully completes the qualifying line check associated with his training.
- 25.20.15 **“Qualified Position”**
The position in which a pilot is currently qualified as defined by “Base, Equipment and Status”.
- 25.20.16 **“Reinstatement Right”**
The right assigned to a pilot entitling him to be preferentially awarded a position, without, regard to normal seniority provisions, prior to those without these rights subject to the provisions of Article 25.08.
- 25.20.17 **“Restricted Pilot”**
A pilot who by virtue of specific agreement with the Company is denied certain privileges with regard to Article 25.
- 25.20.18 **“Standing Preferential Bid”**
The form on which pilots may indicate their qualifications and preferences for Base, Equipment, and Status as well as Delayed Course training requests and Paid Move stipulations.
- 25.20.19 **“Training Date”**
The date when a pilot scheduled to change positions is expected to commence training. This date shall be declared within sixty (60) days of the closing date of Crew Planning Bid Review.
- 25.20.20 **“Training Period”**
The training period is the period from bid closing to the latest training date initially assigned in conjunction with an associated bid award.
- 25.20.21 **“Transfer Date”**
The date established in association with an award involving a base move upon which the pilot will be transferred to his newly awarded base. This date will be sixty (60) days following the planned training date where training is required. The transfer date will be assigned according to the provisions of Article 25.11.03 in cases where training is not required.

25.21 Off-Shore Assignment

- 25.21.01 It is agreed that Off-Shore Assignments (OSA's) may be designated by the Company subject to the conditions outlined in this article.

25.21.02 The following locations have been identified for OSA subject to the conditions outlined below:

London, England	Frankfurt, Germany
Paris, France	Zurich, Switzerland
Madrid, Spain	Lisbon, Portugal
Honolulu, Hawaii	Anchorage, Alaska
Singapore	Hong Kong
Seoul, S. Korea	Osaka, Japan
Johannesburg, S. Africa	Athens, Greece
Auckland, New Zealand	Sydney, Australia

25.21.02.01 A joint Company/Association team will be struck to investigate and jointly agree to all aspects of the proposed OSA, including accommodation (reference 25.21.19), transportation, customs and immigration, local customs and procedures, vaccination and medical requirements (including agreement on a designated doctor, dentist and hospital), tax implications, if any (reference 25.21.20), and any other factors that the Association or the Company may identify. The OSA will not be offered to system bid until both parties agree.

25.21.02.02 Should additional locations be required, the Association and Company will form a committee to investigate the location and jointly agree to the proposed location subject to the normal considerations as outlined above. These new OSA will not be offered to system bid until both parties agree. Such agreement will not be unreasonably withheld.

25.21.02.03 Should the OSA become unacceptable to either the Company or the Association as a result of events in the OSA location (e.g. political uprisings, earthquake, medical epidemics) the location will be removed from the above list, and the Company will immediately move any crews to a new location acceptable to both parties, or return them to Canada.

25.21.03 Assignment(s) may be in increments of one (1) to three (3) block months. No more than one OSA may be designated per aircraft type at any given time, without prior mutual agreement between the Company and the Association. Such agreement will not be unreasonably withheld.

25.21.04 The Company will offer the assignments to system bid at least sixty (60) days prior to, and bids will close at least forty-five (45) days prior to, the commencement of the OSA. Pilots must be qualified on the equipment assigned to the OSA as per SR4.03.02 and SR4.03.05. Assignments will be divided between the applicable bases with due regard to seniority, in a manner mutually agreeable to the Association and Company.

25.21.05 In the event there are insufficient bids received as established in 25.21.04, the OSA will be offered to interested pilots at bases other than those originally designated for the OSA with due regard to seniority and in a manner mutually agreeable to the Association and the Company. Should there be insufficient bids from all bases, the assignment will be filled in reverse order of system seniority from pilots qualified on the aircraft type designated for the OSA. No pilot will be involuntarily assigned to any OSA nor combination of OSA's for more than one (1) month (including part months) nor for more than a total of two (2) months in any twelve (12) month period.

- 25.21.06 Pilots, while assigned to the OSA, will be paid the applicable maximum monthly pay (1/2 day, 1/2 night rates) plus overseas operations pay (if applicable), or the actual flying performed, whichever is greater. During the OSA, a pilot's bank will be frozen. Hours credited in excess of the designated monthly maximum accrued during the OSA will be cash cleared. When travelling to and from the assignment, pilots will be paid the greater of their actual flying if operating, or the applicable deadhead credits for pay and flight time limitations, to the block maximum limitation. The designated monthly maximum for an OSA will normally be seventy-eight (78) hours. This may be increased subject to mutual agreement between the Association and the Company.
- 25.21.07 Adequate and reasonable expense allowances, including a transportation component, and a daily allowance of twenty dollars (\$20) per day will be established for each Off-Shore Base. The allowances shall be agreed upon quarterly between the Company and the Association. A cash advance not less than 15 days of local meal allowance for each month of the assignment will be made available to each pilot prior to departure on the OSA.
- 25.21.08 Pilots will not normally be permitted to return to home base during an OSA to complete periodic training and/or medicals. Simulator, medical, and ART requirements will be re-scheduled to be completed prior to departing, or after returning from the OSA, subject to government requirements. Nothing herein shall prevent the Company from making arrangements to complete periodic training, line checks and/or medicals during an OSA.
- 25.21.09 Dependent upon the length of a pilot's OSA assignment and the length of his outstanding vacation, a successful bidder on an OSA may be required to arrange vacation deferrals prior to the OSA. Advice of this requirement will be provided with the advice of the availability of the OSA. A pilot may defer any vacation period under this article. The Association will be notified of such deferral and the vacation slot so deferred will be immediately advertised as vacant for all pilots to bid on who are qualified on the same equipment and base this vacation slot was awarded from.
- 25.21.10 The Company medical department will provide pertinent information to pilots assigned to the OSA, including but not limited to vaccinations required, particular health issues unique to the OSA location and options for additional health insurance.
- 25.21.11 A system will be developed between the Company, Association and the pilots assigned to the OSA to cover flying available due to short term illness. Any pilot who is unable to operate his designated flights while assigned to an OSA will not be charged any sick days, however he will be required to arrange a mutually acceptable flight switch with the pilot who has covered his flying. OSA Flying that becomes open as a result of short term illness that cannot be handled by the above method shall be assigned as per SR8, and normal pay guarantees will apply (deadhead, THG, DPG, etc.)
- 25.21.12 All hospital and medical bills incurred by a pilot while on an OSA will be paid by the Company. Within a reasonable time on return from the Off-Shore Assignment the pilot will reimburse the Company that portion of the hospital and medical bills that are covered by the pilot's Medicare and Company Medical plan. The provisions of Article 19.08.01 will also apply.
- 25.21.13 All Company Insurance and Benefit plans remain in force while on an OSA. Provincial medical benefits will be arranged by the individual pilot and/or the Company, as applicable, for the duration of the assignment. If benefits cannot be arranged, the Company will ensure that benefits are covered.

- 25.21.14 All position vacancies and other relevant Company information will be forwarded to pilots at the OSA in sufficient time to respond appropriately if required.
- 25.21.15 Pass priority for pilots deadheading on Company and foreign carriers will be as per the current Collective Agreement. Return positive space travel on Company services to the OSA will be provided for spouse and dependants for each month a pilot is assigned to the OSA. Should Company services not be available to the OSA, return positive space travel will be provided for each pilot's spouse once for each month the pilot is assigned to the OSA.
- 25.21.16 Pilots will be given five (5) days off prior to duty at the OSA. After completion of the OSA pilots will be given five (5) days off upon arrival at home base. PBS will be programmed to provide the required days off as described above for a pilot assigned to an OSA.
- 25.21.17 The pilot will be paid and flight time limited for one thirtieth (1/30) of the applicable designated monthly maximum for each of the planned days off prior to and after the OSA, or the applicable deadhead credits, whichever is greater. Deadhead credits to/from the OSA will be credited in the applicable month.
- 25.21.18 The Company shall establish the procedures for and assist in the acquisition of visas and necessary documentation required for assignment to an OSA.
- 25.21.19 Furnished accommodations including household effects, utilities, basic television and local telephone service will be provided at Company expense. In addition to the normal criteria in Article 16.03 used to establish accommodation, the availability of health and fitness facilities will also be considered.
- 25.21.20 The Company will offset any tax liability to any foreign country which is in addition to normal Canadian Income Taxes.
- 25.21.21 Except as provided above, the terms of the Collective Agreement remain in effect. The Company and the Association will meet expeditiously to mutually agree on unforeseen issues which may arise.
- 25.21.22 The OSA will exceed a cumulative total of 12 months only with mutual agreement between the Company and the Association. Such agreement will not be unreasonably withheld.

ARTICLE 26 - BENEFITS

26.01 Group Insurance

Captains	\$225,000
First and Second Officers and Relief Pilots (3rd year and thereafter)	\$175,000
First and Second Officers and Relief Pilots (1st and 2nd year)	\$125,000

Effective the month following ratification, the post retirement paid up insurance shall be twenty-five percent (25%) of the group life insurance to a maximum of \$25,000 for Captains and \$17,500 for First and Second Officers and Relief Pilots.

- 26.01.02 An Accident Insurance policy will be provided and paid for by the Company with the following coverage effective October 1, 1998.

Accidental Death

Captains	\$300,000
First and Second Officers and Relief Pilots (3rd year and thereafter)	\$250,000
First and Second Officers and Relief Pilots (1st and 2nd year)	\$200,000

This insurance plan includes Accidental Death, Dismemberment and Loss of Use.

- 26.01.03 The Company will provide and pay for \$500,000 additional Accidental Death, Dismemberment and Loss of Use insurance for pilots while travelling in ground transportation provided by Air Canada when on Company business.

- 26.01.04 Smoke inhalation insurance will be provided in the amount of \$110,000.

26.01.05 Supplementary Health Insurance Plan

- 26.01.05.01 The Company will provide and pay for the present Company Supplementary Health Insurance Plan (Extra Plan II). The Plan includes the S.O.S Medical Assistance program.

NOTE: Effective the first day of the month following notification of ratification the Supplementary health insurance plan will be increased in accordance with the following:

- 26.01.05.02 The vision care is increased to \$225.00 every 24 months and contact lenses for specific cases to be \$300.00 per eligible person. Pilots who have a License Validation Certificate requiring "glasses worn" or "glasses available" may claim a second pair of prescription glasses to an amount of \$225.00 every twenty-four (24) months.

- 26.01.05.03 The lifetime maximum benefit payable under the plan in respect of each eligible person will be increased from \$30,000 to \$50,000 with \$2,000 annual reinstatement.
- 26.01.05.04 The coverage for private hospital rooms under the plan will be ninety (90%) of the difference between semi-private and private room coverage.
- 26.01.05.05 Psychologist services will be covered at fifty (50%) of each visit up to a maximum of \$500 per year per employee or \$1000 per family.
- 26.01.05.06 Coverage will be provided for the purchase or repair of hearing aids up to a maximum of \$750 per eligible person in a five (5) year period. The Plan shall also provide for the reimbursement of cochlear implants.
- 26.01.05.07 Coverage for out of hospital nursing services that are determined to be reasonably or medically necessary will be increased to \$150 per day and \$7500 per year for each eligible person.
- 26.01.05.08 Coverage will be provided for hyperbaric oxygen therapy and hyperbaric chamber treatment.
- 26.01.05.09 The eligible expenses for the services of chiropractors, osteopaths, naturopaths, and podiatrists will each be covered to a maximum of \$50 per visit and \$100 for x-ray limited to \$1000 per year per eligible person or \$2,000 per family per year.

26.02 Dental Plan

The Company will provide and pay for the Company Group Dental Insurance Plan. The Company shall be the sole policy holder and administrator of the above mentioned plan. Effective the first day of the month following notification of ratification the annual maximum covered expense is increased to \$2000 per eligible person, orthodontic coverage for eligible dependent children increased to \$2,500, and basic Dental Services will be 90%.

GENERAL

For Pilots married to a member of the Dental and Supplementary Health Insurance Plans, co-ordination of benefits is allowed.

No changes and/or amendments to the benefits will be made without the agreement from the Association.

26.03 Group Disability Income Plan – Pilots

26.03.01 General

- 26.03.01.01 Purpose of the Plan - The "Air Canada Group Disability Income Plan - Pilots" shall provide a reasonable level of income protection during periods that a pilot is, for medical reasons, unable to perform his regular duties, subject to the limitations herein.
- 26.03.01.02 Application for Membership - "Record of Participation" ACF850, includes Group Life, Supplementary Health and Disability Income Plans. Form ACF850 will be prepared in duplicate, with the original being forwarded to Payrolls, Winnipeg 849, and the copy retained on local file.
- 26.03.01.03 Certificate of Membership - No individual certificates are issued under this plan

26.03.02 Coverage

26.03.02.01 **Eligibility** - Participation in the plan is a condition of employment (including Pilots in-training).

26.03.02.02 **Maximum Covered Salary** - The maximum covered monthly salary will be:

26.03.02.02.01	Effective date of ratification	-	\$19,500
26.03.02.02.02	April 2, 2001	-	\$20,000
26.03.02.02.03	April 2, 2002	-	\$20,500
26.03.02.02.04	April 2, 2003	-	\$21,000

26.03.02.03 Disabilities Covered by the Plan

26.03.02.03.01 "Disabled" - A pilot shall be considered disabled if the Air Canada Medical Department or Transport Canada determine that, for medical reasons, he is unfit to fly.

26.03.02.03.02 "Totally Disabled" - A "totally disabled" employee is one whose condition is judged by the Underwriter to be such that he is unable to work at any job for which he is reasonably fitted by education, training or experience.

26.03.02.03.03 "Medically Restricted Return to Duty" - A pilot returning to flight duty with a medically restricted license which precludes him from occupying his former position shall have his Group Disability Benefit pay the difference between his actual earnings in the restricted position and his presumed earnings at the time of his original disability.

26.03.02.03.03.01 His presumed earnings at the time of his original disability will be based on the three (3) full block month average or twelve (12) block month average whichever is the greater immediately preceding the month in which the disability commenced.

26.03.02.03.03.02 Allowable service will continue to accrue during the period that a pilot is in receipt of benefits.

26.03.02.03.03.03 Pensionable earnings credits will continue to be based on his presumed earnings as defined in 26.03.02.03.03.01 above.

26.03.02.03.03.04 All other benefits in accordance with the position being flown consistent with the terms of the Collective Agreement.

26.03.02.03.04 Pregnancy Leave - A pilot who is pregnant is covered under the Plan for the periods during the pregnancy she has been declared unfit to fly for medical reasons by a certified physician. A post partum medical examination will be required within thirty (30) days.

26.03.02.04 Disabilities Not Covered by the Plan - Benefits are not payable for any of the following:

26.03.02.04.01 An injury or sickness which is a result of a hostile act occurring in a war zone which the employee has entered voluntarily and not in the course of the performance of his duties with the employer.

26.03.02.04.02 An intentionally self-inflicted injury or sickness.

26.03.02.05 Coverage

26.03.02.05.01	Hysteria
26.03.02.05.02	Phobic Reactions
26.03.02.05.03	Obsessive compulsive disorder
26.03.02.05.04	A psychoneurotic disorder
26.03.02.05.05	A behavioral disorder
26.03.02.05.06	Alcoholism, or
26.03.02.05.07	Drug addiction

For items 26.03.02.05.01 to 26.03.02.05.05 above, the employee is covered when receiving continuing treatment from a physician who is certified in psychiatry, and in the case of items 26.03.02.05.06 and 26.03.02.05.07 the employee is undergoing an alcohol or drug addiction rehabilitation program that has received the prior approval of the Company but only while the employee is undergoing the program of rehabilitation, **OR** unless required to meet the minimum sickness and the injury provisions of the Unemployment Insurance Act.

Notwithstanding, it is the intention to consider each of these claims individually and, based on the assessment of the insurer's Claim Department and Medical Board and the Air Canada Medical Directors made during the initial year to continue payment beyond one year, in accordance with the terms of the policy where the condition is judged to be sufficiently severe as to be comparable to a psychosis. By virtue of the fact, these cases require individual consideration, they do not lend themselves to precise contract definition.

NOTE: Subject to the minimum requirements under the Sickness and Injury Provisions of the Employment Insurance Act, and regulations, no benefits are payable to any claimant who fails to undertake and maintain any program of rehabilitative training or treatment which is recommended by his physician or by the Company's Medical Board and is designed to result in any improvement in his condition with a view to making possible his re-qualification for flight duties.

26.03.02.06 Suspension/Reinstatement of Coverage

26.03.02.06.01 **Suspension of Coverage**- Coverage shall be suspended on the date:

26.03.02.06.01.01 **Voluntary Leave of Absence** - An employee is placed on Voluntary leave of absence, and shall remain suspended for the duration of the Leave of Absence. If the employee becomes disabled while on such Leave of Absence, he will be entitled to income benefits from the plan commencing the thirty-first (31st) day from the date he is scheduled to return to active employment.

26.03.02.06.01.02 **Employment Suspension** - An employee is Suspended from Active employment except that in the case of a member who becomes disabled prior to being placed on suspension, he will continue to be entitled to income benefits until assessed as fit to return to active employment. If an employee becomes disabled during such period of suspension, he will be entitled to receive income benefits from the plan Commencing on the thirty-first (31st) day from the date he is scheduled to return to active employment.

- 26.03.02.06.01.03 **Furlough** - An employee is Furloughed, except that if the employee is disabled prior to being placed on furlough, he will continue to receive the benefits of the plan until such time as he is assessed fit to return to active employment.
- 26.03.02.06.01.04 **On Strike/Lockout** - An employee is **On** Strike or Locked Out as a result of a dispute between ACPA and Air Canada except that in the case of a member who becomes disabled prior to any such strike or lockout, he will continue to be entitled to income benefits until assessed as fit to return to active duty. If an employee becomes disabled during such period of strike or lockout, he will be entitled to receive income benefits from the Plan commencing on the thirty-first (31st) day from the date he is scheduled to return to active employment.
- 26.03.02.06.02 **Reinstatement of Coverage** - Coverage is automatically reinstated on return to active employment.
- 26.03.02.07 **Termination of Coverage** - Coverage terminates on the earliest of:
- 26.03.02.07.01 The date the employee leaves the Company.
 - 26.03.02.07.02 The date the employee ceases to be a Pilot.
 - 26.03.02.07.03 The date the employee retires.
 - 26.03.02.07.04 The last day of the month in which the employee attains his 60th birthday.
 - 26.03.02.07.05 The date the employee dies.

NOTE: Coverage may NOT be terminated at the option of the individual member.

- 26.03.02.08 **Conversion Privilege**- There is no conversion privilege for this insurance.

26.03.03 **Costs and Benefits**

- 26.03.03.01 **Premium** - The total monthly premium for this Group Disability Income Plan is paid by the Company.

26.03.03.02 **Waiting Periods**

- 26.03.03.02.01 For each separate disability period there is a waiting period of 30 consecutive days before disability benefit payments commence. During this period, sick leave will be in accordance with the Sick Leave provisions of the Collective Agreement.

- 26.03.03.02.02 Under the terms of the plan, the disability commences on the date of original disablement and, for successive periods of absence, disability benefit payments will commence immediately without a further waiting period if: such absence is due to the same cause and is separated by less than 180 days of active full time employment, or due to different cause and is separated by less than 30 days of active full time employment.

NOTE 1: Employees absent from work due to illness or injury covered under Workmen's Compensation will be removed from the payroll in accordance with Chapter 10 of Publication 711. (Refer to Subsection 4.05 of this chapter for effect on income benefits.)

NOTE 2: For administrative purposes, the date disability commences is deemed to be the date the member is unable to report for flight duties.

26.03.03.03 "Disabled" - Benefit Schedule

Disability Income Benefits and Benefit Periods for Disabilities Which Commence on or After June 2, 1989:

Schedule of Benefits

An employee who is disabled shall be paid a benefit, determined by applying that percentage of the employee's monthly earnings shown opposite his applicable year of service, for the benefit period shown in the following schedule.

Years of Service	Benefit Period	Amount
1	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 40%
2	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 41%
3	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 42%
4	(30 day W/P) + 11 months at 60% + 3 years	(36 months) at 43%
5	(30 day W/P) + 11 months at 60% + 4 years	(48 months) at 44%
6	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 45%
7	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 47%
8	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 49%
9	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 51%
10	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 53%
11	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 55%
12	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 57%
13	(30 day W/P) + 11 months at 60% + 15.5 years	(186 months) at 59%
14	(30 day W/P) + 11 months at 60% + 15 years	(180 months) at 60%
15	(30 day W/P) + 11 months at 60% + 14 years	(168 months) at 60%
16	(30 day W/P) + 11 months at 60% + 13 years	(156 months) at 60%
17	(30 day W/P) + 11 months at 60% + 12 years	(144 months) at 60%
18	(30 day W/P) + 11 months at 60% + 11 years	(132 months) at 60%
19	(30 day W/P) + 11 months at 60% + 10 years	(120 months) at 60%
20	(30 day W/P) + 11 months at 60% + 9 years	(108 months) at 60%
21	(30 day W/P) + 11 months at 60% + 8 years	(96 months) at 60%
22	(30 day W/P) + 11 months at 60% + 7 years	(84 months) at 60%
23	(30 day W/P) + 11 months at 60% + 6 years	(72 months) at 60%
24	(30 day W/P) + 11 months at 60% + 5 years	(60 months) at 60%
25	(30 day W/P) + 11 months at 60% + 4 years	(48 months) at 60%
26	(30 day W/P) + 11 months at 60% + 3 years	(36 months) at 60%
27	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 60%
28	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 60%
29	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 60%
30 and over	(30 day W/P) + 11 months at 60% + 2 years	(24 months) at 60%

Notwithstanding anything to the contrary expressed or implied in the above schedule, if on the date an employee becomes disabled his Years of Service as a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor or Pilot total:

26.03.03.03.01 at least three years but less than 6 years, his "Benefit Period" shall be increased by 30 days for each full calendar month worked in excess of the number of full years shown in the column entitled "Years of Service".

26.03.03.03.02 at least 13 years but less than 14 years, his "Benefit Period" shall be decreased by 15 days for each full calendar month worked in excess of the employee's number of full years of service as a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor or Pilot.

26.03.03.03.03 at least 14 years but less than 27 years, his "Benefit Period" shall be decreased by 30 days for each full calendar month worked in excess of the employee's number of full years of service as a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor or Pilot.

26.03.03.04 **"Totally Disabled"** - For claimants who are assessed as "Totally Disabled", benefits in the second and subsequent years will be paid at 60% of salary to the earlier of death, recovery or attainment of age 60.

26.03.03.05 **Minimum Benefit**

Notwithstanding anything to the contrary contained in the Schedule of Benefits, it is hereby provided that in no event shall an employee's benefit be less than the monthly equivalent of the current weekly benefit paid under the Employment Insurance Act of Canada.

26.03.03.06 **Calculation of Benefits**

26.03.03.06.01 **"Monthly Earnings"** - The average gross Air Canada earnings during the three full block months or 12 block months, whichever is the greater, immediately preceding the month in which disability commenced, not exceeding:

26.03.03.06.01.01 \$19,500 per month effective on the date of ratification.

26.03.03.06.01.02 \$20,000 per month effective April 2, 2001

26.03.03.06.01.03 \$20,500 per month effective April 2, 2002

26.03.03.06.01.04 \$21,000 per month effective April 2, 2003

26.03.03.06.02 **"Revised Salary"** - If there is a revised salary schedule or collective agreement which is retroactive to a date prior to the last day entitled to pay there will be an adjustment to the benefits payable.

26.03.03.06.03 **"Vacation Clearance and/or Return to Payroll"** - Income benefits will be suspended during any period the employee is returned to the payroll at the full pay of his regular job or due to vacation clearance by form ACF801 (see Publication 707, Chapter 3, Section 4), regardless of the continuing disability.

NOTE: Should suspension of income benefits occur during the first year benefit period, the first year level of income benefits will be extended by a corresponding period.

26.03.03.07 **Indexation of Benefits**

Effective Date - The following escalated benefits will become payable to eligible claimants in Canada as of January 1, 1990.

Eligible Claimants - Employees who are classified by the Company as "disabled or totally disabled".

Basis of Calculation - On January 1 of each year a pilot's GDIP benefit will be indexed by applying fifty percent (50%) of the change in the CPI for the period November to October in the immediately preceding respective two (2) years.

The indexation benefit will be limited to a maximum increase of five percent (5%).

The applicable adjustment to benefits will be made effective with the first benefit payment issued on or after January 1 of each year.

Pilots who are on GDIP benefits less than one (1) year as of January 1 will have their CPI increase prorated.

26.03.03.08 **Termination of Benefits** - All benefits will cease for all employees upon attainment of age 60.

26.03.03.09 **Waiver of Premiums For Other Plans**

While an employee is in receipt of benefits under the plan:

26.03.03.09.01 Contributions are waived and allowable service continues in the Air Canada Pension Plan.

26.03.03.09.02 The employee is entitled to full coverage under the Group Life, Dental and Supplementary Health Insurance Plans, and the Basic Accidental Death, Dismemberment and Loss of Use (AD&D/LU) Insurance Plan without cost to him.

NOTE: When employed in Air Canada in either an alternative job or part-time in a regular job, normal payroll deductions will be made for:

26.03.03.09.02.01 Group insurances, as applicable; and

26.03.03.09.02.02 Pension if the salary in the alternative job exceeds that received in his regular job.

26.03.04 **Claims Procedure**

26.03.04.01 **Action By The Employee-** The employee will:

26.03.04.01.01 Notify his immediate supervisor of the expected duration of his absence on the first day of his disability.

26.03.04.01.02 If absence is likely to last more than thirty (30) days, obtain the "Confidential Statement of Claim" (ACF863A), the "Attending Physician's Statement" (M543) and the pre-addressed blue-cornered envelope (ACF851G) from the base Personnel Services office.

26.03.04.01.03 Complete Part 1 of the "Confidential Statement of Claim" form and return it to his Flight Supervisor or to Personnel Services who will complete Part 2.

26.03.04.01.04 Once Part 1 and Part 2 are completed, have the Physician complete the "Attending Physician's Statement". If declared "medically unfit to fly" and removed from flight duties, the "Attending Physician's Statement" should be completed by the Company medical officer.

NOTE: If there are any problems completing the claim form, contact the Flight Supervisor or a Personnel Services representative for assistance.

NOTE: In some cases, to enable payment (or continuation of payment) of benefits, Great-West Life may ask for additional information from the attending physician. It is recommended that the physician be requested to provide the required information as soon as possible in order to avoid any undue delay in the adjudication of the claim.

26.03.04.02 **Assessment of Claims**

A medical decision will be made to determine whether it is a case of "Total Disability" or "Disabled" as defined (see Article 26.03.02.03).

- 26.03.04.02.01 It is not necessary for an employee to be confined to his home in order to be considered "totally disabled"; however, to be eligible for benefits, the employee must be continuously disabled and under the continuous care of a physician legally licensed to practice medicine.
- 26.03.04.02.02 The assessment of disability will be based on reports of the employee, the employer and the attending physician. Consideration will be given to the employee's ability to perform alternative work and the appropriateness of such work for the employee involved.
- 26.03.04.02.03 Prior to the end of the first year of disability, the Underwriters will assess the degree of the employee's disablement to determine whether the employee is disabled or totally disabled as defined under the plan. The results of such assessment will be forwarded to the Corporate & Human Resources Branch, the Advisory Committee and to Payrolls.

26.03.04.03 **Follow-Up Information**

- 26.03.04.03.01 Follow-up medical reports will be required by the Underwriter from time to time while benefits are being paid. These follow-up reports will be requested at varying intervals depending on the nature of the disability.
- 26.03.04.03.02 While it is the responsibility of the Underwriters to conduct the normal follow-up on disabled employees, Air Canada may require an investigation be made of a particular case where doubt exists as to the validity of the employee's disability or the duration of the period of disablement. When circumstances suggest a special investigation is required, refer the situation to the Corporate & Human Resources Branch, Montreal, as quickly as possible, with full particulars, for further handling with the Underwriters, the Medical Board and/or the Advisory Committee, as applicable. (It may be necessary to withhold further income benefits until the results of the investigation are known.)

26.03.04.04 **Disputed Claims**

- 26.03.04.04.01 Should the employee be dissatisfied with the assessment, he may lodge an appeal through his representatives on the Advisory Committee for reconsideration. (See Article 26.03.05 for role of the Advisory Committee).
- 26.03.04.04.02 Where an assessment is in dispute, a three (3) man medical board will be established and the findings of this board will be considered as final.

26.03.05 Disability Income Plan Advisory Committee

26.03.05.01 A committee known as the Disability Income Plan Advisory Committee will be formed. This Committee will consist of three (3) members appointed by the Association and three (3) members appointed by Air Canada. This Committee will adjudicate all disputed claims. To permit the Committee to perform its function, all pertinent and requested information, other than information considered confidential between the claimant and the attending physician, will be provided to the Committee.

The Committee will be informed in all cases where it is the intention of the insurer to terminate a pilot's benefit (other than for termination of normal "schedule" benefits) and shall by majority vote have the authority to extend the period of coverage when in their opinion such extension would contribute to the claimant's ability to return to active status. The duration of any such extension shall also be subject to the agreement of a majority of the Advisory Committee.

26.03.05.02 It would be difficult, indeed unwise, to attempt to establish rules and procedures that will apply in each and every case. Guidelines have been provided that should apply in most circumstances. In arriving at its conclusions, the Advisory Committee should be guided by common sense and the purpose of the Plan.

26.03.05.03 Any dispute arising out of the application or interpretation of the Disability Income Plan not resolved by a majority vote of the Committee shall be settled by arbitration in accordance with Article 30 of the currently effective employment agreement between the Parties except when the dispute is one regarding a medical opinion, a Board shall be established.

26.03.06 Medical Board – Selection and Duties

26.03.06.01 Where a medical assessment is in dispute a three (3) man medical board will be established as follows:

26.03.06.01.01 One Medical Examiner as appointed by Air Canada.

26.03.06.01.02 One Medical Examiner selected by claimant.

26.03.06.01.03 The Examiners in 26.03.06.01.01 and 26.03.06.01.02 above to agree upon and appoint a third qualified and disinterested Medical Examiner, preferably a specialist in the related field.

26.03.06.02 The findings of this Board will be considered as final.

26.03.07 Correspondence about the Plan

26.03.07.01 Who To Contact

26.03.07.01.01 Inquiries about payments, completion of forms, income benefits, individual claims, etc.:

26.03.07.01.01.01 Base Personnel Services Representative

26.03.07.01.01.02 Flight Supervisor

26.03.07.01.01.03 Employee Benefits Office

Human Resources- Air Canada

Dorval 265

26.03.07.01.02 Other inquiries:

26.03.07.01.02.01 Representatives of ACPA

26.04 Pension Plans

26.04.01 Air Canada Pilot Pension Plan

26.04.01.01 Introduction

This Article 26.04.01 pertains solely to the pilots who are members of the Air Canada Pension Plan – Pilots.

A separate pension plan and trust fund have been established as at January 1, 1998 for pilots. These are called respectively the Air Canada Pension Plan - Pilots and the Air Canada Pension Trust Fund – Pilots. The rules of the new pension plan are contained in the plan text of the Air Canada Pension Plan - Pilots.

The Company has co-mingled the assets of the two plans (Air Canada Pension Plan and Air Canada Pension Plan - Pilots) for investment purposes in the Air Canada Pension Master Trust Fund. ACPA's actuaries shall have access to all pertinent information pursuant to the Air Canada Pension Plan - Pilots.

The Air Canada Pension Plan - Pilots shall be administered by a committee ("Committee") comprised of equal numbers of ACPA and Company appointees.

Any costs normally borne by the Air Canada Pension Master Trust Fund are automatically charged on a proportionate basis to the participating funds; however, specific pilot plan costs that are incurred will be charged to the pilot plan.

26.04.01.02 Review of plan amendments

Air Canada undertook to amend the text of the Air Canada Pension Plan-Pilots to incorporate amendments to such plan text which were required by Article 26.04.01. The amended text has been submitted to ACPA for approval. Thereafter the plan text will not be changed unless required by law or agreed to by the parties. Amendments which are required by any law which applies to the Air Canada Pension Plan – Pilots can be made unilaterally by Air Canada.

Unless required by any law that applies to the Air Canada Pension Plan – Pilots, the Company shall not, without the consent of ACPA;

26.04.01.02.01 divide or merge the plan or the trust fund;

26.04.01.02.02 transfer into the plan, liabilities for pension benefits from another registered or non-registered pension plan or arrangement, except in respect of newly employed plan members in accordance with a reciprocal transfer agreement with an arms length plan or in respect of employees who become members of the Air Canada Pension Plan – Pilots due to a change in job positions; or

26.04.01.02.03 transfer assets from the trust fund to another registered or non-registered pension plan or arrangement sponsored by the Company or any other entity, except in respect of members whose employment with the Company has terminated or in respect of employees who cease to be members of the Air Canada Pension Plan – Pilots due to a change in job positions.

26.04.01.03 **Maximum Pension Units**

Effective January 1, 1990, a pilot who retires in accordance with the rules of the Air Canada Pension Plan - Pilots (the Air Canada Pension Plan for those who retired prior to January 1, 1998) shall be entitled to a total pension calculated and payable in accordance with such rules, with the exception of the maximum pension defined in such rules which, instead of the Defined Benefit Limit defined under Section 6.1g) of such rules, multiplied by the pilot's years of allowable service, shall be equal to new amounts ("maximum pension unit") multiplied by the pilot's years of allowable service. The maximum pension unit varies with the year of retirement as follows:

MAXIMUM PENSION UNIT		
Year of retirement	For years of allowable service before 01-01-1990	For years of allowable service after 01-01-1990
1990	\$1,784	\$2,277
1991	\$1,855	\$2,368
1992	\$1,929	\$2,463
1993	\$2,006	\$2,561
1994	\$2,087	\$2,664
1995	\$2,170	\$2,771
1996	\$2,257	\$2,881
1997	\$2,348	\$2,996
1998	\$2,441	\$3,116
1999	\$2,539	\$3,241
2000	\$2,641	\$3,370
2001	\$2,747	\$3,505
2002	\$2,857	\$3,645
2003	\$2,971	\$3,791
2004	\$3,090	\$3,942
2005	\$3,213	\$4,100
2006 and after	\$3,342	\$4,264

The pension and the maximum pension shall be calculated separately for allowable service before and after January 1, 1990. For members retiring with 35 years of allowable service, the calculation shall be made using the years in respect of which the member has contributed to the pension plan.

The portion of the pension which cannot be payable from the Air Canada Pension Plan - Pilots due to the limits imposed by the Income Tax Act and Regulations (hereinafter called "supplementary pension") shall be payable from the Company's general revenues or the RCA under Article 26.04.01.10. The supplementary pension shall be payable in the same form as the pension payable under the Air Canada Pension Plan - Pilots.

In the event a pilot terminates service, Article 26.04.01.03 shall not apply and the pension shall therefore be calculated as specified in the text of the Air Canada Pension Plan - Pilots in respect of such pilot.

In the event a pilot dies before pension commences and before having completed fifteen (15) years of qualifying service, Article 26.04.01.03 shall not apply and the pension shall therefore be calculated as specified in the text of the Air Canada Pension Plan - Pilots in respect of such pilot.

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26.04.01.04 Members contributions

A member shall not be required to contribute in each calendar year an amount which exceeds a maximum annual contribution determined as three times the maximum pension unit in respect of allowable service after January 1, 1990 applicable for the given calendar year.

For the final year of contribution, the maximum contribution shall be equal to the maximum annual contribution multiplied by the number of months of allowable service recognized during the final year over twelve (12).

26.04.01.05 Surviving Spouse's pension

In the event a pilot dies before pension commences but after having completed at least fifteen (15) years of qualifying service, the benefits payable to the surviving spouse, if any, shall be the greater of the death benefits payable from the Air Canada Pension Plan - Pilots and an annual lifetime pension equal to 50% of the accrued pension calculated as per Article 26.04.01.03 above.

26.04.01.06 Automatic indexation until January 1, 2006

26.04.01.06.01 Effective on each adjustment date, the monthly instalment payable as of December 1st immediately preceding such adjustment date, to any pensioner and to any surviving spouse, including the supplementary pension, shall be increased:

26.04.01.06.01.01 by the applicable adjustment rate in case of a disability pensioner or in the case of a surviving spouse; or

26.04.01.06.01.02 by the applicable adjustment rate if the pension commenced at least one year prior to the applicable adjustment date, provided that the pensioner has attained 60 years of age prior to such adjustment date; or

26.04.01.06.01.03 by 1/12th of the applicable adjustment rate for each month prior to the applicable adjustment date, if it commenced within one year prior to such adjustment date, provided that the pensioner had attained 60 years of age prior to such adjustment date.

26.04.01.06.02

26.04.01.06.02.01 For the purposes of Article 26.04.01.06 "adjustment date" means January 1, 1999, January 1, 2000, January 1, 2001, January 1, 2002, January 1, 2003, January 1, 2004, January 1, 2005 and January 1, 2006, as applicable.

26.04.01.06.02.02 For the purposes of Article 26.04.01.06 "adjustment rate", applicable as of an adjustment date, means fifty percent (50%) of the first six percent (6%) increase in the ratio of the Pension Index as of January 1 of the given calendar year over the Pension Index as of January 1 of the previous calendar year.

26.04.01.06.02.03 The Pension Index as of January 1 of a year is the average for the 12-month period ending October 31 of the previous year, of the Consumer Price Index for each month in that 12-month period.

26.04.01.06.02.04 The Consumer Price Index for a month shall be as published by Statistics Canada.

26.04.01.07 **Use of ancillary benefits for funding of a portion of the supplementary pension**

Effective January 1, 1998, Air Canada has amended the new Air Canada Pension Plan - Pilots so as to increase the portion of a pilot's total pension which is payable from the Air Canada Pension Plan - Pilots. The following ancillary benefits have been added for that purpose alone:

26.04.01.07.01 **Bridge benefit-** (As described in Section 6 of the Plan Text)

26.04.01.07.01.01 A pilot who retires after having completed 25 years of qualifying service or whose age plus qualifying service upon retirement adds up to 80 years or more, will qualify for a bridge benefit.

26.04.01.07.01.02 The amount of monthly bridge benefit shall be equal to:

the maximum monthly pension payable under the Canada Pension Plan to a person retiring at age 65 in the year of retirement of the pilot

multiplied by

the ratio of allowable service over 35

26.04.01.07.01.03 The bridge benefit will be payable from the pilot's retirement date and will cease with the payment due on the first of the month the pilot reaches age 65, or the first of the month preceding the pilot's date of death, if earlier. In the case where the pilot dies before age 65, 50% of the bridge benefit shall automatically continue to be payable to the pilot's spouse, if there is one, until the first of the month during which the pilot would have reached age 65, or the first of the month preceding the spouse's date of death, if earlier.

26.04.01.07.02 **Indexation-** As described in Section 6 and in Section 17 of the Plan Text

26.04.01.07.02.01 Effective January 1, 1998 and each January 1 thereafter up to and including January 1, 2006, the pension in payment under the Air Canada Pension Plan - Pilots to a pilot who has retired before such date or to a survivor, shall be indexed by an indexation rate as defined hereinafter.

26.04.01.07.02.02 The indexation rate applicable on January 1 of a given year shall be equal to the first 3% increase in the ratio of the Pension Index as of January 1 of the given calendar year over the Pension Index as of January 1 of the previous calendar year, where the Pension Index is as defined in Article 26.04.01.06 above.

The indexation provided under Article 26.04.01.07.02 shall include any adjustments to pensions in payment payable under the Air Canada Pension Plan - Pilots, either as described in Article 26.04.01.06 of this Agreement or as provided as at January 1, 1998 under the terms of the Air Canada Pension Plan - Pilots.

Effective January 1, 2000, Air Canada has amended the Air Canada Pension Plan – Pilots so as to extend the indexation provided for in Article 26.04.01.07.02.01 above from January 1, 2002 (expiry date applicable before current collective agreement) to January 1, 2006.

The sole purpose of the bridge benefit and the indexation described herein above is to increase the portion of a pilot's total pension which is payable from the Air Canada Pension Plan - Pilots. In no event shall the ancillary benefits provided result in benefits in excess of those which would otherwise be payable if this Article 26.04.01.07 was not applicable. Therefore, an additional pension, if any, payable from the Air Canada Pension Plan - Pilots as a result of the above bridge benefit and indexation will result in a decrease, dollar for dollar, of the amount which would otherwise be payable as a supplementary pension from the Company's general revenues or the RCA.

26.04.01.08 Higher pension to age 65 option

The addition of a bridge benefit under the Air Canada Pension Plan - Pilots, in order to pay a portion of the supplementary pension from the registered plan, shall not prevent a pilot of electing the higher pension to age 65 option. Any amount of additional pension prior to age 65 which cannot be paid from the Air Canada Pension Plan - Pilots due to limits imposed by the Income Tax Act and Regulations will be paid as a supplementary pension with a corresponding actuarial reduction in the pension from age 65.

26.04.01.09 Pension Plan Surplus on Termination

26.04.01.09.01 Subject to any required approval by the Office of the Superintendent of Financial Institutions, the Air Canada Pension Plan – Pilots has been amended to provide that, in case of termination of the plan, no part of the assets of the plan shall revert to the benefit of the Company until the Superintendent's consent has been obtained and:

26.04.01.09.01.01 provision has been made for the payment to Members and Former Members and their Spouses, Beneficiaries or estates of all accrued or payable benefits in respect of membership up to the date of the termination and, for that purpose, such benefits shall be treated as vested without regard to conditions as to age, period of membership in the plan or period of employment; and

26.04.01.09.01.02 provision has been made for distribution of surplus to Members, Former Members and Spouses in accordance with section 18.5 of the plan, such distribution to be made by applying the surplus, up to the sum of the actuarial present value of the excess, if any, of the entitlement under Article 26.04.01.03 at the date of Plan termination of each Member, Former Member, and Surviving Spouse, over his or her entitlement under the Plan (his or her 'excess commuted value'), to each such individual in the same proportion that his or her excess commuted value bears to the sum of all such excess commuted values.

26.04.01.09.02 In the event the superintendent or other regulatory authority does not approve any payment of benefits or distribution of surplus to members, such payments or distributions shall be made in another form acceptable to the Air Canada Pilots Association.

- 26.04.01.09.03 Air Canada agrees that any required representation by the Company to Canada Customs and Revenue Agency or the Office of the Superintendent of Financial Institutions with respect to this Section 26.04.01.09 will be made jointly with ACPA.
- 26.04.01.09.04 The purpose of this provision is to secure the supplementary pension described in Article 26.04.01.03 in the event of a plan windup and under no circumstances is it intended to provide for any increase in benefits.
- 26.04.01.10 **Use of Retirement Compensation Arrangement to Secure Pension Benefits**
- 26.04.01.10.01 Effective April 2, 2000, pilot contributions to the Air Canada Pension Trust Fund – Pilots will be limited to 1.5 times the "post-1989" MPUs of that year. Pilot contributions between this amount and an amount equal to 3 times the "post-1989" MPUs ("Pilot RCA Contribution") will be deposited into a Retirement Compensation Arrangement fund ("RCA Plan") to be established and administered by Air Canada.
- 26.04.01.10.02 For each pilot, Air Canada will contribute to the RCA an amount equal to the Pilot RCA Contribution ("Basic Company Contribution").
- For pilots covered by Article 26.03 – Group Disability Income Plan - Pilots, the Basic Company Contribution shall be calculated in the same manner as for active pilots based upon the deemed earnings used to determine the Average Annual Compensation for pension calculation purposes.
- For pilots who have accrued or will accrue 35 years of service before Normal Retirement Age, Air Canada shall continue to make the "Basic Company Contribution" to their account in the RCA Plan. These contributions shall continue from when the member accrues 35 years of allowable service until their retirement date.
- 26.04.01.10.03 Each pilot will have an individual account under the RCA which will comprise the Pilots RCA Contributions, the Basic Company Contribution, investment earnings thereon, distributions as set out in Article 26.04.01.10.04.05 and 26.04.01.10.05 and the applicable refundable tax credits.
- 26.04.01.10.04 If a pilot retires from employment with eligibility to benefits payable from the Supplementary Plan, the individual account of this pilot will be used to pay the supplementary pension that otherwise would have been paid by Air Canada, in the following manner:
- 26.04.01.10.04.01 The pilot will elect the date at which payments from the RCA will start. Payments shall **start** no later than age **seventy-five (75)**.
- 26.04.01.10.04.02 Payments will be made over a period of 10 years: 1/10 of the account in the first year of payment, 1/9 in the second year and **so** on until the 10th year, provided that in no event shall such payment exceed the supplementary pension.
- 26.04.01.10.04.03 In the event the RCA is not depleted at the end of the 10th year, any residual amount in the RCA shall be used to pay the supplementary pension until the RCA has been depleted.
- 26.04.01.10.04.04 Supplementary pensions payable from Air Canada to the pilot will be reduced by \$1 for each \$1 received from the RCA.

- 26.04.01.10.04.05 In cases where the pensioner and his survivor die before the pilot's RCA payments have been depleted, the balance of the account will be distributed proportionally between the other RCA members' accounts. This calculation and distribution will be allocated at the end of each calendar year.
- 26.04.01.10.05 If a pilot terminates employment without eligibility for supplementary pension benefits, the pilot will receive a refund of the contributions made by the pilot to the RCA with the investment earnings credited thereon. The balance of the pilot's RCA account will be distributed proportionally among the other RCA members' accounts at the end of the calendar year.
- 26.04.01.10.06 The RCA will be administered by Air Canada. Investments under the RCA will be administered by a committee comprised of equal numbers of ACPA and Air Canada appointees. The parties agree to meet to do all necessary work to establish the operation of the RCA Plan by January 1, 2001. Expenses associated with the set up of the RCA shall be borne by Air Canada. Ongoing administration costs of the RCA Plan will be assumed by the RCA Plan.
- 26.04.01.10.07 In the event that an actuarial valuation of the Supplemental Plan for RCA members reveals that the assets exceed the solvency liabilities, then, such excess may be used to eliminate both the Air Canada and Pilots contributions for the period corresponding to such excess.
- For this purpose, the assets shall include, in addition to the RCA assets and applicable refundable tax, a portion of the solvency surplus determined on a valuation of the Air Canada Pension Plan – Pilots, as at the same valuation date. Such portion shall be determined by the ratio of solvency liabilities in the Air Canada Pension Plan- Pilots in respect of the RCA members to the total solvency liabilities in the such plan.
- The present value of the supplementary pensions shall be determined using the same assumptions and methods as those used for the solvency valuation of the Air Canada Pension Plan-Pilots on the same date except that an adjustment to the discount rate shall be made for tax purposes.
- 26.04.01.10.08 In the event that the RCA is wound-up
- 26.04.01.10.08.01 a pilot who does not satisfy the eligibility criteria for a supplementary pension shall receive a refund of the contributions made by the pilot to the RCA with the investment earnings credited thereon. The balance of the pilot's RCA account shall be allocated proportionally among the accounts of those pilots who do satisfy the eligibility criteria for a supplementary pension.
- 26.04.01.10.08.02 a pilot who does satisfy the eligibility criteria for a supplementary pension shall have that supplementary pension provided, to the extent possible,
- 26.04.01.10.08.02.01 firstly by any additional benefits payable to the pilot as a result of the termination of the Air Canada Pension Plan – Pilots, and
- 26.04.01.10.08.02.02 secondly by his individual RCA account

- 26.04.01.10.08.03 if the combination of any additional benefits payable as a result of the termination of the Air Canada Pension Plan – Pilots and his individual RCA account is more than sufficient to provide for his supplementary pension, the excess in his RCA account over the amount needed to provide the supplementary pension, shall be allocated proportionately to the accounts of those pilots whose supplementary pensions are not fully funded by .02 above, to the extent necessary to fund their supplementary pensions.
- 26.04.01.10.08.04 if any assets remain in the RCA, they shall then be used to fund the supplementary pensions of those members who retired prior to April 2, 2000 with an entitlement to a supplementary pension and their survivors, and after taking into account any additional benefits payable to the members as a result of the termination of the Air Canada Pension Plan-Pilots, until all those members are fully funded.
- 26.04.01.10.08.05 if, after this process, there remains any assets in the RCA, those assets shall revert to the Company.
- 26.04.01.10.09 Within one month of the ratification of the collective agreement in year 2000, Air Canada shall make a special contribution of \$11,500,000 to the RCA. On April 2, 2001 and April 2, 2002, Air Canada shall make further special contributions of \$11,500,000 each to the RCA. These special contributions shall be allocated among the individual accounts of all active and disabled pilots who, on April 2, 2000, were within ten (10) years of their Normal Retirement Date. This allocation shall be made in the following manner:
- 26.04.01.10.09.01 The individual account of the pilot shall be credited with an amount equal to the allocation factor, multiplied by:
- 26.04.01.10.09.01.01 the pilot's year 2000 Compensation which is in excess of \$93,650 without exceeding \$177,900, multiplied by:
- 26.04.01.10.09.01.02 the difference between 10 and the years and completed months (expressed in twelfths of a year) by which April 2, 2000 precedes his or her Normal Retirement Date.
- 26.04.01.10.09.02 The Compensation used shall be as defined in the Air Canada Pension Plan - Pilots. For pilots covered by Article 26.03, Group Disability Income Plan - Pilots, the year 2000 deemed earnings used to determine the Average Annual Compensation for pension calculation purposes shall be used. For pilots retiring between April 2, 2000 and January 1, 2001, the actual Compensation until retirement shall be annualized.
- 26.04.01.10.09.03 The allocation factor shall be established in such a way that the special contribution will be fully allocated among active and disabled pilots who, on April 2, 2000, have attained age 50. The allocation factor is estimated at approximately 5.8%.

26.04.01.10.10 The agreement described under this Article 26.04.01.10 is effective from April 2, 2000 and is based on the current Income Tax Act and regulations then in effect. In the event that changes to the Income Tax Act and/or its regulations would change the amount of pension that can be paid from a registered pension plan, and/or the members' contributions that can be paid to a registered pension plan, and/or the rules applying to retirement compensation arrangements, the RCA Plan may be amended. Any amendment to the RCA Plan resulting from any legislative or regulatory change shall be made by mutual agreement.

26.04.01.11 **Top-Up of Benefits on Grounded Retirement**

A pilot who exhausts benefits under the GDIP Plan and does not qualify for Disability Retirement, but elects, after ratification of the collective agreement, Grounded Retirement under Section 5.4 of the Air Canada Pension Plan – Pilots shall receive a monthly amount payable from the Company's general revenues equal to the Disability Retirement Pension the pilot would have received had the pilot retired with a Disability Retirement Pension less the Grounded Retirement Pension payable.

Pilots who are currently receiving or have received benefits under the Grounded Retirement provisions of the Air Canada Pension Plan – Pilots and are shown on the attached letter shall be paid the difference between what they would have received had they been entitled to a Disability Pension based on their earnings and service at the time their GDIP benefits were exhausted, and what they received or are receiving under Grounded Retirement benefits.

26.04.02 **CAIL Pilot Pension Plan**

26.04.02.01 **Introduction**

On the 20th day of November 2002, the Honorable George W. Adams issued an Award in the matter of a mediation – arbitration between the Air Canada Pilots Association and Air Canada. This Article 26.04.02 essentially reproduces the Order included in such Award.

In this Article 26.04.02, "Registered Plan" refers to the Pension Plan for former CAIL pilots (Pension Plan for pilots, as represented by the Canadian Air Line Pilots Association of Canadian Airlines International Ltd.), "Plan" refers to the pension arrangement providing total benefits to former CAIL pilots and "Supplemental Plan" refers to the pension arrangement provided by the Plan in excess of benefits provided by the Registered Plan. The "Air Canada Pension Plan" refers to the Pension Plan applicable to pre-merger Air Canada pilots (Air Canada Pension Plan - Pilots).

Air Canada undertakes to amend the text of the Registered Plan to incorporate the modifications described in this Article 26.04.02. Such modifications shall be effective as of July 1, 2003. For greater clarity, it is specifically provided that no provision herein shall cause the Registered Plan to be amended before July 1, 2003.

All other provisions of the text of the Registered Plan remain unchanged unless required by law or agreed to by the parties.

26.04.02.02 Level of Benefits for Service before July 1, 2003

A Pilot who retires or terminates above age 50 with the right to an immediate pension, on or after January 1, 2001, shall be entitled, in respect of his pensionable service before July 1, 2003 excluding service bought back, to a total pension from the Plan, calculated in accordance with the rules of the Registered Plan except for the following:

26.04.02.02.01 The annual amount of maximum lifetime pension defined under Section 5 of Article VI ("Maximum Pension Limitation") in the rules of the Registered Plan shall be equal to Maximum Pension Units ("MPUs") multiplied by the pilot's years of pensionable service. The Maximum Pension Unit shall vary with the year of retirement as follows:

Year of retirement	Maximum Pension Unit for years of pensionable service before January 1, 1990	Maximum Pension Unit for years of pensionable service from January 1, 1990 to December 31, 2000	Maximum Pension Unit for years of pensionable service from January 1, 2001 to July 1, 2003
2001	\$2,444	\$2,491	\$3,505
2002	\$2,542	\$2,640	\$3,645
2003	\$2,644	\$2,799	\$3,791
2004	\$2,750	\$2,967	\$3,942
2005	\$2,860	\$3,145	\$4,100
2006 and after	\$2,974	\$3,334	\$4,264

26.04.02.02.02 The Maximum Pension Units referred to above shall be reduced upon early retirement by the early retirement reduction factors provided for under Section 2. of Article VI of the Registered Plan, provided however the resulting amount of maximum pension from the Plan shall not be less than the maximum pension calculated based on an MPU of \$2,350 without applying such early retirement factors.

26.04.02.02.03 The provisions of Section 5. of Article VI of the Registered Plan shall be modified effective July 1, 2003 to provide that the maximum pension payable upon early retirement as defined in the Registered Plan shall be reduced by ¼ of 1% for each complete month that the pilot's retirement date precedes age 60.

26.04.02.02.04 A retirement is defined as occurring after the completion of 25 years of qualifying service or after attainment of 80 points where points are defined as the sum of age and qualifying service. Qualifying service shall be defined as under the Air Canada Pension Plan – Pilots and includes service bought back under CAIL rules.

26.04.02.03 Level of Benefits for Service from July 1, 2003

A Pilot who retires on or after July 1, 2003, shall be entitled, in respect of his pensionable service from July 1, 2003 excluding service bought back, to a total pension from the Plan, calculated in the same manner as the one payable under the Air Canada Pension Plan – Pilots. The main provisions are as follows:

- 26.04.02.03.01 The pension formula used to calculate benefits shall be 1.5% of Final Average Earnings not exceeding Final Average YMPE plus 2.0% of Final Average Earnings in excess of Final Average YMPE;
- 26.04.02.03.02 Final Average Earnings and Final Average YMPE shall be based over 5 years;
- 26.04.02.03.03 The annual amount of pension defined under Maximum Pension Limitation in such rules shall be equal to the Maximum Pension Units in the Air Canada Pension Plan multiplied by the pilot's years of pensionable service. Accordingly, the Maximum Pension Units shall vary with the year of retirement as follows:

Year of retirement	Maximum Pension Unit for years of pensionable service from July 1, 2003
2001	\$3,505
2002	\$3,645
2003	\$3,791
2004	\$3,942
2005	\$4,100
2006 and after	\$4,264

26.04.02.04 Termination or Death before Retirement

- 26.04.02.04.01 In the event a pilot terminates service before qualifying for retirement and before being at least age 50 with the right to an immediate pension under the Registered Plan, Article 26.04.02.02 shall not apply and the pension shall therefore be calculated as specified in the Registered Plan in respect of such pilot. For greater clarity, no benefits shall be payable to such pilot from the Supplemental Plan and no Ancillary Benefits referred to in Article 26.04.02.09 shall be provided.
- 26.04.02.04.02 In the event a pilot terminates service before qualifying for retirement under the Registered Plan, Article 26.04.02.03 shall not apply and the pension shall therefore be calculated as specified in the Registered Plan in respect of such pilot. For greater clarity, no benefits shall be payable to such pilot from the Supplemental Plan and no Ancillary Benefits referred to in Article 26.04.02.09 shall be provided.
- 26.04.02.04.03 In the event a pilot dies before pension commences, before having completed fifteen (15) years of qualifying service and before being at least age 50 with the right to an immediate pension under the Registered Plan, Article 26.04.02.02 shall not apply and the pension shall therefore be calculated as specified in the Registered Plan in respect of such pilot. For greater clarity, no benefits shall be payable to such pilot's spouse from the Supplemental Plan and no Ancillary Benefits referred to in Article 26.04.02.09 shall be provided.
- 26.04.02.04.04 In the event a pilot dies before pension commences and before having completed fifteen (15) years of qualifying service, Article 26.04.02.03 shall not apply and the pension shall therefore be calculated as specified in the Registered Plan in respect of such pilot. For greater clarity, no benefits shall be payable to such pilot's spouse from the Supplemental Plan and no Ancillary Benefits referred to in Article 26.04.02.09 shall be provided.

26.04.02.05 Portion of Pension Payable from Registered Plan

The portion of the pension which cannot be payable from the Registered Plan shall be payable from the Company's general revenues or from the RCA set up as per Article 26.04.02.12. The supplemental pension shall be payable in the same form as the pension payable under the Registered Plan.

26.04.02.06 Pilot contributions

Effective July 1, 2003, Pilots are required to contribute 4.5% of earnings up to YMPE and 6.0% of earnings in excess of YMPE ("Air Canada contribution formula"). A member shall not be required to contribute to the Registered Plan, in any calendar year on and after 2003, an amount which exceeds a maximum annual contribution determined as 1.5 times the MPU in respect of pensionable service after July 1, 2003 applicable for the given calendar year.

For the final year of contribution, the maximum contribution shall be equal to the maximum annual contribution multiplied by the number of months of allowable service recognized during the final year over twelve (12).

26.04.02.07 Surviving Spouse's Pension

In the event a pilot dies after July 1, 2003 and before pension commences and after having completed at least fifteen (15) years of qualifying service, the benefits payable to the surviving spouse, if any, shall be established based on the provisions of the Registered Plan but using the maximum amount of pension modified as per Articles 26.04.02.02 and 26.04.02.03.

26.04.02.08 Automatic Indexation until January 1, 2006

26.04.02.08.01 Effective on each adjustment date, the total monthly instalment payable under the Plan as of December 1st immediately preceding such adjustment date, to any pensioner and to any surviving spouse shall be increased:

26.04.02.08.01.01 by the applicable adjustment rate in case of a disability pensioner or in the case of a surviving spouse; or

26.04.02.08.01.02 by the applicable adjustment rate if the pension commenced at least one year prior to the applicable adjustment date, provided that the pensioner has attained 60 years of age prior to such adjustment date; or

26.04.02.08.01.03 by 1/12th of the applicable adjustment rate for each month prior to the applicable adjustment date, if it commenced within one year prior to such adjustment date, provided that the pensioner had attained 60 years of age prior to such adjustment date.

26.04.02.08.02 For the purposes of Article 26.04.02.08 "adjustment date" means January 1, 2001, January 1, 2002, January 1, 2003, January 1, 2004, January 1, 2005 and January 1, 2006, as applicable.

26.04.02.08.02.01 For the purposes of Article 26.04.02.08 "adjustment rate", applicable as of January 1, 2001, January 1, 2002, January 1, 2003, January 1, 2004, January 1, 2005 and January 1, 2006 means fifty percent (50%) of the first six percent (6%) increase in the ratio of the Pension Index as of January 1 of the given calendar year over the Pension Index as of January 1 of the previous calendar year.

26.04.02.08.02.02 The Pension Index as of January 1 of a year is the average for the 12-month period ending October 31 of the previous year, of the Consumer Price Index for each month in that 12-month period.

26.04.02.08.02.03 The Consumer Price Index for a month shall be as published by Statistics Canada.

26.04.02.09 **Use of Ancillary Benefits for Funding a Portion of the Supplementary Pension**

Effective July 1, 2003, Air Canada shall amend the Registered Plan so as to increase the portion of a pilot's total pension which is payable from the Registered Plan. The following ancillary benefits are being added for that purpose alone:

26.04.02.09.01 **Bridge benefit**

Such bridge benefit is already provided for by Section 7 of Article VI of the Registered Plan text.

26.04.02.09.02 **Indexation**

Subject to the provisions of Article 26.04.02.10, indexation of the Registered Plan pension shall be as follows:

26.04.02.09.02.01 On January 1, 2004, January 1, 2005 and January 1, 2006, the pension in payment under the Registered Plan to a pilot who has retired before such date or to a survivor, shall be indexed by an indexation rate as defined hereinafter.

26.04.02.09.02.02 The indexation rate applicable on January 1 of a given year shall be equal to the first 3% increase in the ratio of the Pension Index as of January 1 of the given calendar year over the Pension Index as of January 1 of the previous calendar year, where the Pension Index is as defined in Article 26.04.02.08.02.02 above.

The sole purpose of the bridge benefit and the indexation described herein above is to increase the portion of a pilot's total pension which is payable from the Registered Plan. In no event shall the ancillary benefits provided result in benefits in excess of those which would otherwise be payable if this Article 26.04.02.09 was not applicable. Therefore, an additional pension, if any, payable from the Registered Plan as a result of the above bridge benefit and indexation will result in a decrease, dollar for dollar, of the amount which would otherwise be payable from the Supplemental Plan.

26.04.02.10 **Condition on Use of Ancillary Benefits for Funding a Portion of the Supplementary Pension**

The ancillary benefits indexation provisions as per Article 26.04.02.09.02 shall not apply at a date earlier than the date, if any, on which the Company obtains the approval from regulatory authorities to modify the Registered Plan provisions as per Article 26.04.02.02.03.

26.04.02.11 Defined Contribution Ancillary Supplement (**DCAS**)

- 26.04.02.11.01 Effective July 1, 2003, no more contributions shall be paid into DCAS. The accumulated amount in the DCAS as at July 1, 2003 shall cease to be considered as DCAS assets and shall be co-mingled with other assets of the Plan. DCAS shall cease to exist effective July 1, 2003. Members of the Registered Plan shall not have individual right to any amount under DCAS as at that date.
- 26.04.02.11.02 Notwithstanding the above, for Pilots who retired before January 1, 2001, the present value as at January 1, 2003 of additional benefits granted as per Article 26.04.02.08, shall be at least equal to the individual account this member would have been attributed if the individual allocation provided in LOU 52 of the Air Canada/ACPA collective agreement had taken place on July 1, 2000.
- 26.04.02.11.03 If, for a pilot who retired before January 1, 2001, the present value of additional benefits granted as per Article 26.04.02.08 is less than his individual allocation, the temporary indexation for this member shall be extended for a period so that such present value be equal to the individual allocation.

26.04.02.12 Use of Retirement Compensation Arrangement to Secure Pension Benefits

- 26.04.02.12.01 Effective from fiscal year 2003, a Pilot's contribution to the Registered Plan will be limited to 1.5 times the MPU in respect of pensionable service after July 1, 2003 applicable for that year. From July 1, 2003, a Pilot's contribution between this amount and an amount equal to 3 times the MPU in respect of pensionable service after July 1, 2003 applicable for that year ("Pilot RCA Contribution") will be deposited into a Retirement Compensation Arrangement fund ("RCA Plan") to be established and administered by Air Canada.
- 26.04.02.12.02 From July 1, 2003, Air Canada will contribute to the RCA, for each Pilot, an amount equal to the Pilot RCA Contribution ("Basic Company Contribution").
- For** Pilots covered by Group Disability Income Plan - Pilots, the Basic Company Contribution shall be calculated in the same manner as for active Pilots based upon the deemed earnings used to determine the Average Annual Compensation for pension calculation purposes.
- For Pilots who have accrued or will accrue 35 years of service before Normal Retirement Age, Air Canada shall continue to make the "Basic Company Contribution" to their account in the RCA Plan. These contributions shall continue from when the member accrues 35 years of allowable service until their retirement date.
- 26.04.02.12.03 Each pilot will have an individual account under the RCA which will comprise the Pilots RCA Contributions, the Basic Company Contribution, investment earnings thereon, distributions as set out in Articles 26.04.02.12.04.05 and 26.04.02.12.05 and the applicable refundable tax credits.
- 26.04.02.12.04 If a pilot retires from employment with eligibility to benefits payable from the Supplementary Plan, the individual account of this pilot will be used to pay the supplementary pension that otherwise would have been paid by Air Canada, in the following manner:
- 26.04.02.12.04.01 The pilot will elect the date at which payments from the RCA will start. Payments shall start no later than age seventy-five (75).

- 26.04.02.12.04.02 Payments will be made over a period of 10 years: 1/10 of the account in the first year of payment, 1/9 in the second year and so on until the 10th year, provided that in no event shall such payment exceed the supplementary pension.
- 26.04.02.12.04.03 In the event the RCA is not depleted at the end of the 10th year, any residual amount in the RCA shall be used to pay the supplementary pension until the RCA has been depleted.
- 26.04.02.12.04.04 Supplementary pensions payable from Air Canada to the pilot will be reduced by \$1 for each \$1 received from the RCA.
- 26.04.02.12.04.05 In cases where the pensioner and his survivor die before the pilot's RCA payments have been depleted, the balance of the account will be distributed proportionally between the other RCA members' accounts. This calculation and distribution will be allocated at the end of each calendar year.
- 26.04.02.12.05 If a pilot terminates employment without eligibility for supplementary pension benefits, the pilot will receive a refund of the contributions made by the pilot to the RCA with the investment earnings credited thereon. The balance of the pilot's RCA account will be distributed proportionally among the other RCA members' accounts at the end of the calendar year.
- 26.04.02.12.06 The RCA will be administered by Air Canada. Investments under the RCA will be administered by a committee comprised of equal numbers of the Association and Air Canada appointees. The parties agree to meet to do all necessary work to establish the operation of the RCA Plan by July 1, 2003. Expenses associated with the set up of the RCA shall be borne by Air Canada. Ongoing administration costs of the RCA Plan will be assumed by the RCA Plan.
- 26.04.02.12.07 In the event that an actuarial valuation of the Supplemental Plan for RCA members reveals that the assets exceed the solvency liabilities, then, such excess may be used to eliminate both the Air Canada and Pilots contributions for the period corresponding to such excess.

For this purpose, the assets shall include, in addition to the RCA assets and applicable refundable tax, a portion of the solvency surplus determined on a valuation of the Registered Plan, as at the same valuation date. Such portion shall be determined by the ratio of solvency liabilities in the Registered Plan in respect of the RCA members to the total solvency liabilities in the said plan.

The present value of the supplementary pensions shall be determined using the same assumptions and methods as those used for the solvency valuation of the Registered Plan on the same date except that an adjustment to the discount rate shall be made for tax purposes.

- 26.04.02.12.08 In the event that the RCA is wound-up:
- 26.04.02.12.08.01 a pilot who does not meet the eligibility criteria for a supplementary pension shall receive a refund of the contributions made by the pilot to the RCA with the investment earnings credited thereon. The balance of the pilot's RCA account shall be allocated proportionally among the accounts of those Pilots who do satisfy the eligibility criteria for a supplementary pension.
- 26.04.02.12.08.02 a pilot who meets the eligibility criteria for a supplementary pension shall have that supplementary pension provided, to the extent possible,
- 26.04.02.12.08.02.01 firstly by any additional benefits payable to the pilot as a result of the termination of the Registered Plan, and
- 26.04.02.12.08.02.02 secondly by his individual RCA account.
- 26.04.02.12.08.03 if the combination of any additional benefits payable as a result of the termination of the Registered Plan and his individual RCA account is more than sufficient to provide for his supplementary pension, the excess in his RCA account over the amount needed to provide the supplementary pension, shall be allocated proportionately to the accounts of those Pilots whose supplementary pensions are not fully funded by Article 26.04.02.12.08.02 above, to the extent necessary to fund their supplementary pensions.
- 26.04.02.12.08.04 if any assets remain in the RCA, they shall then be used to fund the supplementary pensions of those members who retired prior to July 1, 2003 with an entitlement to a supplementary pension and their survivors, and after taking into any additional benefits payable to the members as a result of the termination of the Registered Plan, until all those members are fully funded.
- 26.04.02.12.08.05 if, after this process, there remains any assets in the RCA, those assets shall revert to the Company.
- 26.04.02.12.09 The agreement described under this Article 26.04.02.12 is based on the current Income Tax Act and regulations in effect as of the date the Order was issued by the Honourable George W. Adams . In the event that changes to the Income Tax Act and/or its regulations would change the amount of pension that can be paid from a registered pension plan, and/or the members' contributions that can be paid to a registered pension plan, and/or the rules applying to retirement compensation arrangements, the RCA Plan may be amended.

26.04.02.13 Pension Plan Surplus on Termination

- 26.04.02.13.01 The Registered Plan shall be amended to provide that, in case of termination of the plan, no part of the assets of the plan shall revert to the benefit of the Company until the Superintendent's consent has been obtained and:

- 26.04.02.13.01.01 provision has been made for the payment to Members and Former Members and their Spouses, Beneficiaries or estates of all accrued or payable benefits in respect of membership up to the date of the termination and, for that purpose, such benefits shall be treated as vested without regard to conditions as to age, period of membership in the plan or period of employment; and
- 26.04.02.13.01.02 provision has been made for distribution of surplus to Members, Former Members and Spouses, such distribution to be made by applying the surplus, up to the sum of the actuarial present value of benefits under the Supplemental Plan (his or her "excess commuted value"), to each such individual in the same proportion that his or her excess commuted value bears to the sum of all such excess commuted values.
- 26.04.02.13.02 In the event the Superintendent or other regulatory authority does not approve any payment of benefits or distribution of surplus to members, such payments or distributions shall be made in another form acceptable to the Association.
- 26.04.02.13.03 The purpose of this provision is to secure the benefits under the Supplemental Plan in the event of a plan wind-up and under no circumstances is it intended to provide for any increase in benefits.

26.04.02.14 **Additional Remedies**

- 26.04.02.14.01 No benefits shall accrue after July 1, 2003 to members who have accumulated 35 or more years of pensionable service in the Registered Plan. This shall exclude years of service bought back by Pilots pursuant to Section 3 of Article IV of the Registered Plan. Pilot contributions shall also cease on that same date.
- 26.04.02.14.02 For Pilots who reach 35 years of pensionable service (excluding years of service bought back by Pilots pursuant to Section 3 of Article IV of the Registered Plan) after July 1, 2003, benefits shall cease to accrue from the date 35 years of pensionable service is reached. Pilot contributions shall cease on the same date.
- 26.04.02.14.03 For greater certainty, periods of service already bought back pursuant to Section 3 of Article IV of the Registered Plan shall continue to be subject to the same rules as those applicable before this agreement.
- 26.04.02.14.04 For service from July 1, 2003, the provisions of the Registered Plan and Supplemental Plan concerning benefits provided, not specifically addressed in this agreement, shall be substantially similar to those applicable to pre-merger Air Canada pilots.
- 26.04.02.14.05 The form of payment providing for the continuation of 100% of the pension to the surviving spouse shall be offered to retiring members.
- 26.04.02.14.06 Ancillary benefits provided under the Pension Arrangement may be harmonized by the Company to facilitate the administration and communication of the Pension Arrangement. Such harmonization shall not decrease the actuarial value of the benefits payable under the Pension Arrangement.

26.04.02.14.07 Former CAIL pilots who have pre-2000 military or pre-2000 furloughed service and who have not bought back these periods of service will be given the option to buy back these periods of service. Former CRA pilots hired by AC/CAIL after April 2, 2000 will be given the option to buy back service pursuant to LOU 41 of the Air Canada/ACPA collective agreement.

Pilots wishing to elect to buy back past service under Article 26.04.02.14.07 must make their election between January 1, 2003 and April 30, 2003. The buy-back of past service shall be at no cost to Air Canada.

26.04.02.15 **Applicability of agreement**

This agreement described under this Article 26.04.02 is subject to any review or approval that may be required under applicable pension or income tax legislation. The parties shall take any action that may be required to have the modifications contained in this agreement approved by the regulatory authorities.

The parties also agree that the normal selection process for a Board of Arbitration or sole arbitrator under Article 30 of the collective agreement does not apply to the implementation, interpretation and administration of Article 26.04.02. The parties recognize that, by virtue of the award of November 20, 2002 issued by the Honourable George W. Adams Q.C., Arbitrator Adams retains jurisdiction to resolve any dispute over the implementation, interpretation and administration of the November 20, 2002 award (as incorporated into Article 26.04.02) and shall do so in a summary mediation-arbitration manner as he deems appropriate. The parties further recognize that, pursuant to the mediation-arbitration protocol, the terms of Arbitrator Adams' appointment will continue to apply with respect to his retained jurisdiction.

In the event that Arbitrator Adams is unable to act, the parties agree to mutually select a replacement Arbitrator. Failing agreement between the parties on the selection of the arbitrator, the arbitrator will be appointed by the Minister of Labour.

26.05 **Company Insurances**

All Air Canada insurances will be in effect while on Air Canada business in areas of both declared and undeclared wars.

ARTICLE 27 – THE INVESTIGATION OF ACCIDENTS OR INCIDENTS RELATED TO THE OPERATION OF AN AIRCRAFT AND FLIGHT SAFETY PROGRAM – USAGE OF AIRCRAFT ELECTRONIC RECORDING & REPORTING DEVICES AND FLIGHT OPERATIONS QUALITY ASSURANCE PROGRAM(FOQA)

27.01 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 pending the outcome of any investigation into the accident or incident undertaken by the Company, Transport Canada or the Canadian Transportation Accident Investigation and Safety Board, or any of them.

NOTE: Where held out of service, the pilot and the Association will be so notified in writing within seven (7) days along with the reasons therefore.

27.02 Where the investigation is undertaken by the Company, the officers involved shall make every attempt to issue a final report within three (3) months.

NOTE: Both the pilot involved and the Association will be given the opportunity to participate fully in the investigation, will be informed on a regular basis on the course of such investigation and will be provided with a copy of any interim or final reports resulting therefrom.

27.03 While pursuant to Article 27.01 a pilot is held out of service pending the outcome of an investigation, he shall be paid for the flights in his block as if they had been flown according to schedule (regular salary in the case of a pilot on flat salary), and shall be credited with such flying time for the purpose of flight time limitations. A pilot not holding a block selection shall be paid and flight time limited the daily average of his flying pay during the previous three (3) block months exclusive of leave of absence without pay. All such pay shall be adjusted to include negotiated pay increases and any incremental pay increases.

27.04 Where disciplinary or discharge action is considered following the issuance of an accident investigation report, satisfactory to the Company, the provisions of Article 29 shall be applied from such date of issue.

27.05 Prior to any form of investigation or interrogation by the Company following an accident or incident, the pilots shall make themselves available and shall be afforded a medical examination and the results shall be made available to the Company and pilots.

27.06 In cases involving aircraft accidents, pilots will not be required to commit themselves orally or in writing to officials of the Company for a period of twenty-four hours following the accident unless they have the opportunity to be represented by ACPA.

27.07 Throughout this procedure the pilot involved and/or his designated Association representative(s) may, upon request, review any information contained in his files in conjunction with a designated representative of the Company.

27.08 Representation During Accident Investigation

During accident investigation, the pilot or his duly accredited representative or representatives shall have access to any information that may affect the pilot's status. An Association representative shall be part of the Company investigation team.

27.09 Flight Safety Program - Aircraft Electronic Recording & Reporting Devices

- 27.09.01 The parties agree that the use of electronically recorded flight data can be used to enhance flight safety, provide relevant and accurate information to assist in accident/incident investigation, as well as to provide economic savings through preventative maintenance and enhancements to Standard Operating Procedures (SOPS).
- 27.09.02 It is agreed that no electronic recording and reporting devices of any kind, and no recorded data obtained or derived from the Cockpit Voice Recorders (CVR), Flight Operations Quality Assurance Programmes (FOQA), ACARS, Video Recorders, Quick Access Recorders (QARs) or any Flight Safety Program will be employed to monitor, nor to electronically check, the judgement and/or ability of any individual pilot. This does not preclude the use of de-identified information in the interest of flight safety, maintenance integrity programs or aircraft manufacturer assessment programs in a manner mutually agreeable to the Company and the Association.
- 27.09.03 No information or data derived, developed or obtained from or as a result of a Flight Safety Program utilising Aircraft Electronic Recording and Reporting Devices will be used by the Company, the Pilots, or the Association in any civil, administrative, penal, criminal, disciplinary, discharge or termination action or proceeding of any kind. Nor shall any data or information obtained as a result of knowledge derived from a Flight Safety Program utilising Aircraft Electronic Recording and Reporting Devices be used, nor permission granted for use, as the basis of, or in justification of any such civil, administrative, penal, criminal, discipline, discharge or termination action or proceeding of any kind.
- 27.09.04 The Company agrees to make available to the Association, upon request by the MEC Chairman, reasonable pertinent stored data relevant to the Association's interest in flight safety. No data obtained or derived from a Flight Safety Program identifying a pilot or crew shall be released without the permission of all persons so identified.
- 27.09.05 It is agreed that no recording devices, for Flight Safety or maintenance purposes not utilized in the Company's aircraft, will be installed without mutual agreement of the Company and the Association.
- 27.09.06 The parties agree that the following procedures will apply in order to ensure a mutually satisfactory usage of information from any Flight Safety Program utilising Aircraft Electronic Recording and Reporting Devices. These procedures are subject to the obligations of the parties to comply with government regulations.
- 27.09.07 Cockpit Voice Recorders will only be used under a Flight Safety Program as mutually agreed by the Company and the Association.
- 27.09.08 The Company will ensure that Cockpit Voice Recorders will have an operable means of erasure at the termination of flight.
- 27.09.09 Prior to usage for maintenance purposes, the Cockpit Voice Recorder tape will be completely erased.
- 27.09.10 The Company shall use its best efforts to ensure the security of Cockpit Voice Recording equipment against unauthorized removal and/or playback.
- 27.09.11 When Cockpit Voice Recorder data is retrieved by the Company under the program for other than maintenance purposes, or any other mutually agreed safety programs, both the Captain and the Association will be notified.

27.10 Flight Operations Quality Assurance (FOQA)

- 27.10.01 It is agreed that programs to read routinely recorded data, for Flight Operations Quality Assurance Program (FOQA) or maintenance purposes, will not be introduced without mutual agreement of the Company and the Association.
- 27.10.02 The design, implementation and operation of any Flight Operations Quality Assurance Program shall be by mutual agreement between the Company and ACPA. A joint Company and ACPA FOQA Monitoring Committee will oversee the FOQA program and establish necessary policies and procedures as required.
- 27.10.03 The design, implementation and operation of any Flight Operations Quality Assurance Program shall ensure that any data obtained or derived from the FOQA program will be de-identified in such a manner to guarantee that the identity of any pilot will not be known to anyone, except to a specified ACPA representative who, under the terms of a FOQA program, may determine the identity of the pilot in the pursuit of enhancing flight safety.
- 27.10.04 It is agreed that any data obtained or derived from a Flight Operations Quality Assurance Program shall be kept or stored only in an aggregate (combined) form. Raw, flight-specific data shall not be shared with a third party and will be destroyed after being added to the aggregate record.
- 27.10.05 It is agreed that data obtained or derived from a FOQA program will not be employed by Air Canada to monitor, nor to electronically check the judgement and/or the ability of individual pilots.
- 27.10.06 It is agreed that fuel burn or any other data derived from DataPlus (ACARS) will not be employed to monitor, nor to electronically check the judgement and/or the ability of individual pilots. Any use of Data plus information for the purpose of fuel management shall utilize methods that are mutually agreed by the Company and the Association.

ARTICLE 28 GRIEVANCE PROCEDURE – GENERAL

28.01

- 28.01.01 It is the desire of the parties to this Agreement that local complaints or grievances be settled as promptly as possible.
- 28.01.02 Appeals from disciplinary or discharge action are excluded from the provisions of this Article and will be handled in accordance with Article 29.

28.02

- 28.02.01 Grievances under this Article may be initiated by any pilot (group of pilots) who considers himself aggrieved, with the concurrence of the Association.
- 28.02.02 Grievances of a general nature may be initiated by the Association at the appropriate step depending on the nature and scope of such grievance.
- 28.02.03 Grievances may be initiated by the Association on behalf of any pilot or group of pilots.

28.03

- 28.03.01 Any pilot (group of pilots) who considers himself aggrieved, may, after first attempting to obtain a satisfactory settlement with his immediate supervisor, appeal through the following steps in writing outlining both the nature of the grievance and the facts involved, provided the grievance is filed within thirty (30) calendar days after the pilot(s) reasonably would have knowledge of the occurrence of the facts giving rise to the grievance. It is not intended that this limitation will preclude claims arising out of bookkeeping or clerical errors.

Step 1 - A Chief Pilot or an appropriate designated representative from Flight Operations.

Step 2 - The Chief Executive Officer or his designated representatives.

NOTE: Steps 1 and 2 above may be combined into a single step by mutual consent.

- 28.03.02 The foregoing notice requirements shall not be interpreted so as to restrict consideration of all relevant issues.

28.04 Throughout this procedure, the pilot or pilots involved shall be represented by the Association.

28.05 Where the procedures outlined in Article 28.03 have been exhausted, the Association may initiate the arbitration procedure in accordance with Article 30 within thirty (30) days of receipt of the final Company decision provided the grievance involves the interpretation, application, or alleged violation of the provisions of this Agreement.

28.06

- 28.06.01 The following shall apply at all steps of the grievance procedure specified in Article 28.03.

- 28.06.01.01 A hearing shall be held within ten (10) calendar days of receipt by the Company of a written notice of grievance.

- 28.06.01.02 Appeals must be lodged in writing within ten (10) calendar days of receipt of any decision.
- 28.06.01.03 All decisions shall be rendered within ten (10) calendar days of the hearing and shall be communicated in writing to the parties concerned including, in all cases, the Association.
- 28.06.02 The time limits specified above may be extended by mutual agreement in writing.
- 28.06.03 Any decision not appealed within the relevant time limits shall be final and binding on the parties concerned.
- 28.07** All employee witnesses called by the Association shall be granted time off subject to the requirements of the service and shall be provided with space available transportation to and from the hearing.
- 28.08** Throughout this procedure, the pilot involved and/or his designated Association representative may, upon request, review any information contained in his files in conjunction with a designated representative of the Company.

NOTE: If requested, the Company shall provide the pilot with two (2) copies of all documents relative to such grievance in his file.

ARTICLE 29 – GRIEVANCE PROCEDURE – DISCIPLINE OR DISCHARGE

29.01 Where disciplinary or discharge action is contemplated, the pilot involved may, where necessary, be held out of service pending investigation for up to seven (7) calendar days in order to provide local management with sufficient time to investigate and consider all factors involved.

29.02 In cases where disciplinary or discharge action is considered, the principle that the passage of time is a significant mitigating factor should be given substantial weight when reference is made to the past record of the pilot involved.

29.03

29.03.01 Where disciplinary action is taken, the pilot and the Association will be notified in writing along with the reasons for such decision and informed of his right to appeal.

29.03.02 Where discharge action is considered, the pilot shall be suspended pending discharge, notified along with the Association of the reasons for such decision in writing and informed of his right to appeal.

29.04 The provisions of this Article do not apply to pilots during the entire probationary period where questions of flying qualifications are involved.

29.05 A pilot who has been disciplined or suspended pending discharge and who considers himself unjustly dealt with may appeal through the following steps in writing provided that the initial appeal grieving the Company's action is lodged in writing within thirty (30) calendar days after receipt of notification of discipline or discharge:

Step 1 - A Chief Pilot or an appropriate designated representative from Flight Operations.

Step 2 - The Chief Executive Officer or his designated representatives.

NOTE: Steps 1 and 2 above may be combined into a single step by mutual consent.

29.06 Throughout this procedure, the pilot or pilots involved shall be represented by the Association.

29.07 Where the procedures outlined in Article 29.05 have been exhausted, the Association may initiate the arbitration procedure in accordance with Article 30 within thirty (30) days of receipt of the final Company decision.

29.08

29.08.01 The following shall apply at all steps specified in Article 29.05.

29.08.01.01 Appeals must be lodged in writing within ten (10) calendar days of receipt of any decision.

29.08.01.02 A hearing shall be held within ten (10) calendar days of receipt of notice of appeal.

29.08.01.03 All decisions shall be rendered within ten (10) calendar days of any hearing and shall be communicated in writing to the parties concerned, including in all cases the Association.

29.08.02 Any decision not appealed within the relevant time limits shall be final and binding on the parties concerned.

29.09 All employee witnesses called by the appellant shall be granted time off subject to the requirements of the service and shall be provided with space available transportation to and from the hearing.

29.10 Throughout this procedure, the pilot involved and/or his designated Association representative may, upon request, review any information contained in his files in conjunction with a designated representative of the Company.

NOTE: If requested, the Company shall provide the pilot with two **(2)** copies of all documents relative to the case in his file.

29.11 If at any step of this procedure, including arbitration, the pilot is fully exonerated, his record shall be cleared of the charges against him, and he shall be reinstated without **loss** of seniority or pay.

ARTICLE 30 - ARBITRATION

30.01 Board of Arbitration shall be established when required and shall consist of one (1) member appointed by the Association one (1) appointed by the Company and one (1) Chairman 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.

In the event that a member of the arbitration board resigns, dies or otherwise is unable to remain a member of the panel, the party who nominated him or, in the case of the Chairman, the other two nominees shall choose a replacement for him as soon as possible in the same manner as set out herein above.

30.02

30.02.01 Each party must appoint its member to the Board within fifteen (15) days of receipt by the other party of a written submission to arbitration pursuant to Article 28.05 or 29.07.

30.02.02 By mutual consent the parties may submit any matter to a single arbitrator for determination in accordance with the provisions of this Article.

30.03

30.03.01 The Board shall have jurisdiction to consider any matter properly submitted to it under the terms of this Agreement.

30.03.02 The Board shall have no jurisdiction to alter, modify, amend or make any decision inconsistent with the terms of this Agreement.

30.04

30.04.01 The Board shall establish its own procedure having due regard to the requirements of natural justice.

30.04.02 The Board shall make every effort to render a decision with the minimum delay and in no case more than three (3) months from the date of the final hearing.

30.05 The Board shall in the case of a grievance appeal have the authority to render any decision that it considers just and equitable.

30.06

30.06.01 In the case of disciplinary or discharge appeals, the Board shall have the authority to determine whether the disciplinary or discharge action taken by the Company was for just and proper cause.

30.06.02 In such disciplinary or discharge appeals, the Board may uphold the Company's final decision, fully exonerate and reinstate the appellant with pay for all time lost or render such other decision as it considers just and equitable.

30.07

30.07.01 A majority decision shall constitute the decision of the Board; but, failing such majority, the decision of the Chairman shall govern.

30.07.02 A decision of the Board shall be final and binding on the Association, the appellant and the Company.

30.08 Throughout this procedure, the pilot involved and/or his designated Association representative may, upon request, review any information contained in his files in conjunction with a designated representative of the Company.

NOTE: If requested, the Company shall provide the pilot with two (2) copies of all documents relative to the case in his file.

30.09 All employee witnesses called by the Board or the appellant shall be granted time off subject to the requirements of the service and shall be provided with space available transportation to and from the hearing.

30.10

30.10.01 The expenses incurred by the Board shall be borne equally by each party

30.10.02 Each party shall assume the expenses incurred by its own appointee.

30.11 The provisions of this Article shall not in any way limit restrict or abridge any rights or privileges accorded either party according to the law.

30.12 Expedited Arbitration

30.12.01 By mutual consent, the parties may submit any grievance to expedited arbitration in accordance with the provisions contained herein.

30.12.02 Within seven (7) days of written receipt of notice that the parties wish to have a grievance referred to expedited arbitration, they shall select an arbitrator from the list detailed in Appendix "A".

If the parties are unable to agree on the selection of an arbitrator, selection shall be made through the process of elimination. The first party to strike a name from the panel will be selected by lot. Thereafter, the parties shall alternatively strike names until only one arbitrator remains, and that arbitrator shall be selected.

If the arbitrator to be selected in accordance with the list is not available to hear the grievance within the time limits of 30.12.03, the parties may select another available arbitrator using the aforementioned process.

30.12.03 Grievances referred to expedited arbitration shall be scheduled within one (1) month of selection of the arbitrator.

30.12.04 The parties shall agree to the location of the hearings. If no agreement is reached, the arbitrator shall set the location.

30.12.05 All presentations shall be short and concise and are to include an opening statement. The parties agree to make limited use of authorities during their presentations.

30.12.06 At any time prior to issuing a final decision, the arbitrator may assist the parties in mediating a resolution of the grievance. When mediation fails, or is not appropriate, a decision shall be issued as contemplated herein.

- 30.12.07 The decision of the arbitrator is to be completed and forwarded by registered mail and facsimile to the parties within ten (10) working days of the end of the hearing. The arbitrator may provide an oral decision at the conclusion of the hearing with written reasons to follow within ten (10) working days of the end of the hearing.
30. 2.08 The parties shall equally share the cost of fees and expenses of the arbitrator.
30. 2.09 The arbitrator shall have jurisdiction to assist the parties in mediating a resolution of the grievance or to render a decision that shall be binding on both parties. The arbitrator shall have no jurisdiction to alter, modify, amend, or make any decision inconsistent with the terms of the agreement. In the case of a disciplinary hearing, the arbitrator may dispose of the matter in a manner that he deems just and equitable.
- 30.12.10 Any decision issued by an arbitrator under this provision is without prejudice and shall only have application to the particular grievance at issue. Such decision cannot be relied upon by either party in any other proceedings.
- 30.12.11 Both parties agree that no outside legal counsel will be retained to present grievances to expedite arbitration under this Article.
- 30.12.12 Within ninety (90) calendar days of ratification of this agreement, the parties will agree on the list of arbitrators outlined in Article 30.12.02, through the selection of five (5) panel members by the Company and five (5) panel members by the Association and one (1) mutually agreed to member. Failing agreement on the "mutually agreed to" panel member, the member shall be selected by the Minister of Labour or his designate.
- 30.12.13 If one (1) or more of the arbitrators resigns or becomes incapable of performing his duties, or if either party, by notice in writing to the arbitrator and to the other party, terminates the services of the arbitrator, the party or parties having originally selected the resigning or terminated arbitrator will select a replacement forthwith.
- 30.12.14 All time limits outlined in this Article are subject to extension by mutual agreement of the parties.

ARTICLE 31 – PHYSICAL EXAMINATION

- 31.01** Without his consent, a pilot shall not be required to submit to any Company physical examination in excess of periodic six (6) month or one (1) year examination required under government regulation for licence endorsement, unless it is apparent that his health or physical condition is impaired, in which case the pilot will be furnished a copy of the medical examination report. The physical standards required by the Company to be maintained for continued employment as a pilot shall be no more restrictive than those required by the Ministry of Transport at the time of the examination, including any waiver policy adopted by the Ministry.
- 31.02** Any pilot hereunder who failed to pass a Company physical examination may, at his option, have a review of his case in the following manner:
- 31.02.01 He may employ a qualified medical examiner of his own choosing and at his own expense for the purpose of conducting a physical examination for the same purpose as the physical examination made by the Company's medical examiner.
- 31.02.02 A copy of the findings of the medical examiner chosen by the employee shall be furnished to the Company, and in the event that such findings verify the findings of the Company's medical examiner, no further medical review of the case shall be afforded.
- 31.02.03 In the event that the findings of the medical examiner chosen by the employee shall disagree with the findings of the Company's medical examiner, the Company will, at the written request of the employee, ask that the two (2) medical examiners agree upon and appoint a third qualified and disinterested medical examiner, preferably a specialist, for the purpose of making a further physical examination of the employee.
- 31.03** The said disinterested medical examiner shall make a further examination of the pilot in question, and the case shall be settled on the basis of his findings.
- 31.04** The expense of employing the disinterested medical examiner shall be borne one-half (1/2) by the pilot and one-half (1/2) by the Company. Copies of each medical examiner's report shall be furnished to the Company and to the pilot.
- 31.05** It is specifically agreed that the findings of the medical examiners concerned herein shall be unbiased, and no exchange of medical opinions or history shall be made either in writing or verbally, until each medical examiner has examined the pilot concerned. Nothing herein shall prevent the interchange of medical opinion after examination and before a common decision is reached.

ARTICLE 32 – OI AND SEVERANCE

32.01 Furloughing

- 32.01.01 If there is a furlough, pilots shall be furloughed in reverse order of system seniority. Such furloughed pilots shall be recalled in order of their system seniority. New pilots may be hired only after all furloughed pilots have been recalled or have bypassed their recall notice.
- 32.01.02 The Company shall provide at least thirty (30) days written notice to a pilot prior to his being furloughed.
- 32.01.03 In the event of a furlough, affected pilots shall have:
- 32.01.03.01 Their bank credits reconciled (paid out or paid back as the case may be);
- 32.01.03.02 Any sick days will be carried forward to recall
- 32.01.03.03 By mutual agreement between the Company and Pilot vacation may be deferred, until furloughed and then paid at two hours, thirty-six minutes (2:36) per day, (one-half (%) day, one-half (%) night) or his daily average earnings of the best three (3) block months during the last twelve (12) months of active line service prior to the effective date of furlough, whichever is greater. A pilot who is furloughed shall also be provided with space available transportation for himself and dependent members of his family to any point in the system to the extent permitted by law.
- 32.01.03.04 An opportunity to renew their Instrument Flight Rating prior to furlough. This includes pilots who currently hold a valid Instrument Flight Rating.
- 32.01.04 A pilot who is furloughed shall file his address with the office of the Vice President, Flight Operations or his delegate and shall thereafter promptly advise the Company of any change in address. A pilot shall not be entitled to preference in recall if he does not comply with this requirement.
- 32.01.05 A pilot offered recall shall be expected to respond within fourteen (14) days and to return to the service of the Company within thirty (30) days, or such longer period as may be mutually agreed upon, after notice has been received by registered mail or telegram sent to the last address filed with the Company as detailed in 32.01.04.
- 32.01.06 A pilot offered recall shall have the option to bypass such offer, provided there are pilots junior to him still on furlough. Such pilot, electing to bypass an offer of recall shall not be entitled to the provisions of 32.01.07 and shall forfeit the right to recall until subsequent vacancies are available under the provisions of Article 25.
- 32.01.07 A pilot recalled within one hundred and eighty (180) days of being furloughed shall normally be recalled at the base from which he was furloughed. Should this recall not be at the base from which he was furloughed, he shall be entitled to a Company paid move as per the provisions of Article 25.11.06.
- 32.01.08 Pilots on furlough are entitled to the following:
- 32.01.08.01 Group Employee Benefit Programs with the exception of GDIP. The pilot shall pay in advance the full cost (100%) of the premium.
- 32.01.08.02 A pilot on furlough continues to accrue Company service except for the purpose of pay progression, pension and vacation entitlement.

32.01.08.03 A pilot on furlough continues to accrue seniority.

32.02 Recall

32.02.01 When recall occurs, the following will apply during training:

32.02.01.01 The pilot's pay will be based on the average daily earnings of the best three (3) block months during the last twelve (12) months of active line service prior to the effective date of furlough, plus any negotiated pay increases.

32.02.01.02 The pilots will be entitled to Meal Expenses as outlined in Articles 16.02.01 and 16.02.04 and a hotel room if the pilot is away from his home base.

32.02.01.03 When recall occurs more than one hundred eighty (180) days after being furloughed the pilot will be entitled to meal expenses as outlined in Articles 16.02.01 and 16.02.04 and a hotel room.

32.02.02 A pilot who has been recalled may avail himself of Article 20. (LOA)

32.02.03 A pilot who has been recalled shall be credited with one (1) sick day for every month left in the calendar year.

32.02.04 A pilot returning from furlough shall not have an adjusted service date later than a pilot junior to him.

32.03 Furlough Pay

32.03.01 Each pilot who becomes furloughed shall be entitled to two (2) weeks pay for each full year of service, prorated, up to a maximum of twenty (20) weeks pay. This provision does not apply to a pilot electing to take a voluntary separation.

32.03.02 In the event that a furloughed pilot is recalled without having used all his furlough pay, the unused portion will be credited to his account; however, service for additional furlough pay credits will only be accumulated from date of recall.

32.03.03 Furlough pay shall be based on the average daily earnings of the best three (3) block months during the last twelve (12) months of active line service prior to the effective date of furlough.

32.04 Severance Pay

32.04.01 Each pilot whose service is terminated shall be entitled to one half (½) month's pay for each full year of service, up to a maximum of six (6) months' pay. This provision does not apply to a pilot on probation in accordance with the provisions of Article 23.01 and 23.02.

32.04.02 The provisions of 32.04.01 do not apply where service is terminated for disciplinary, retirement, medical or resignations other than as a direct result of, or during, a furlough.

32.04.03 Any pilot who is furloughed shall have the option of choosing to remain on furlough or of severing his employment with the Company. However, at the end of ten (10) years of furlough, severance will be automatic unless otherwise mutually agreed between the Association and the Company. In either case, severance pay based on a pilot's service would be applicable less any furlough pay already received.

32.04.04 Severance pay shall be based on the average daily earnings of the best three (3) block months during the last twelve (12) months of active line service prior to the effective date of severance.

1 33 - MISSING / INTERNMENT BENEFITS

33.01 Any pilot who, while engaged in the course of his duties for the Company, becomes missing or 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, shall be allowed compensation calculated on the average daily earnings of the best three (3) block months during the last twelve (12) months of active line service prior to the time he became missing, was captured or held prisoner or hostage. The daily average flying pay shall be adjusted to include negotiated pay increases.

Such compensation shall continue for the period during which the pilot is interned, captured, or held as prisoner or hostage or until the pilot is able to return to regular line duty, subject to the conditions of Article 31. When a pilot remains missing, the compensation allowed under this Article shall continue until the date that the pilot's death is established in fact or for a maximum of seven and one-half (7 1/2) years (or for the period described in the applicable laws).

33.02 The monthly compensation allowable under Article 33.01 shall be credited to the pilot and shall be dispersed by the Company in accordance with written directions from him or her. 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 prescribed in Article 33.06. The Company shall, as soon as practicable, request all pilots now employed to execute and deliver to the Company such a written direction.

33.03 Any amounts credited to the account of a pilot or paid to his beneficiary in accordance with the provisions of Article 33, shall not be required to be returned by such beneficiary or by 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 such beneficiary shall have furnished the Company with any evidence indicating the death of the pilot promptly after its receipt.

33.04 As an alternative to paying compensation in accordance with Article 33.01, the Company may pay the difference between the amount of such compensation and the amount of any compensation provided for by law in respect of persons missing, interned, captured, held as prisoner or hostage as described in Article 33.01.

33.05 Any payments due to the pilot under Article 33, 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, in accordance with the applicable laws, all monies shall be paid to the legal representative of his estate.

ARTICLE 34 – GENERAL

34.01 Communication With The Company

All orders to or mutual arrangements with pilots involving a change in base station, station assignments, promotions, demotions, furloughs, and leaves of absence shall be stated in writing.

34.02 Liability For Costs

No pilot shall be required to pay for the use of any Company equipment used in personnel training required by the Company and no pilot shall be required to pay damage costs of airplanes or equipment damaged in the service.

34.03 Personnel Records

34.03.01 At each Base, there shall be maintained for each pilot one (1) file containing information relating to items of an administrative nature. This file may be reviewed by the pilot with management on request.

Copies of all reports, orders, and all practice, training and flight checks shall be available for individual inspection at the simulator training building during regular business hours. A pilot shall be advised of any material of a critical or unfavourable nature at the time such material is placed in his files.

34.03.02 Notwithstanding the provisions of 34.03.01, excepting cases involving safety of operations, a letter of reprimand, and all documentation pertinent to such a letter of reprimand, placed in a pilot's personal file shall be removed from such file twenty-four (24) months following date of insertion.

34.04 Flight Duty Releases For Association Business

34.04.01 The following Designated ACPA Representatives will be released from flight duty for the duration of their term in order that they may attend to Association business and related Company/Association meetings.

President
MEC Chair
LEC Chairs from each base
Technical/Safety Committee Chair

34.04.02 The rate of pay for a Designated ACPA Representative will be in accordance with the pilot's qualified position or awarded position according to activation date under Article 25, and actual years of service to the 12th, year, at:

34.04.02.01 DMM, paid at one-half (½) day and one-half (½) night rates and appropriate overseas and nav-aid pay.

34.04.02.02 The Company will bear the cost of the Designated ACPA Representative up to MMG, and the Association will be billed for the remainder. If a Designated ACPA representative has flight time and credits selected from open time exceeding one-half (%) DMM, there will be no charge to ACPA for that pilot for that month.

34.04.03 Designated ACPA representatives will bid vacation in accordance with Article 18 and the Company will not assume costs for vacation replacement.

- 34.04.04 If a Designated ACPA representatives is unable to attend Association business due to an Aircraft Transition or Upgrade Training Course during his term in office the Association may designate an alternate representative for the period he is on course.
- 34.04.05 When requested and subject to the needs of the service, other ACPA representatives shall be released from flight duty in order that they may attend to Association business, in accordance with Article 34.04.06
- 34.04.06 It is agreed that any flying from which a pilot is released for ACPA business may be re-allocated or assigned as follows:
- 34.04.06.01 **Blockholder**
- If a pilot requesting flight release for ACPA is a blockholder, the Company would be free to re-allocate such flying at their discretion to any reserve pilots, regardless of seniority, to Permanent Management Pilots, Acting Check Pilots, Acting Flight Instructors, pilots in training, Designated ACPA Representative (as defined in 34.04.01) or via open flying to pilots on makeup.
- Should the re-allocation of such flights result, at the end of the month, in additional costs to the Company then such costs would in turn be assumed by ACPA.
- If, at any time during the month it becomes apparent that re-allocation of such flights will not result in reduced costs to ACPA, then the normal seniority rights to such flying will be followed.
- 34.04.06.02 **Reserve Pilots**
- If a pilot requesting flight release for ACPA business is a reserve pilot, he will be credited and paid, as if flown according to schedule for flights which that pilot could have operated if he had been retained on duty. The Company would be free to re-allocate such flying at their discretion to any other reserve pilots, regardless of seniority, to Permanent Management Pilots, Acting Check Pilots, Acting Flight Instructors, Designated ACPA Representative (as defined in 34.04.01) or pilots in training. Should the re-allocation of such flights result, at the end of the month, in additional costs to the Company then such costs would in turn be assumed by ACPA.
- 34.04.06.03 Any such flying operated by a Permanent Management Pilot, Acting Check Pilot or Acting Flight Instructor will not be included in the Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors flying covered by Article 21 of the Collective Agreement. Any such Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors flying will be itemized in the monthly report to ACPA on Permanent Management Pilots, Acting Check Pilots, and Acting Flight Instructors flying.
- 34.04.07 The Company will assume the displacement costs for ACPA Committee members who attend joint meetings of the MASC, Tech Safety, Scheduling and PEAC Committees, to a combined annual maximum of \$40,000.
- 34.04.08 Payroll Cost of pilots engaged in Contract Negotiations assumed by the Company will be as follows:

- 34.04.08.01 One hundred percent (100%) of the applicable flight pay for up to five (5) pilots for the time involved in direct negotiations with the Company. For the duration of negotiations, these five will bid flying in the normal manner according to SR4 and will be displaced with full credit at Company expense for those pairings that conflict with direct negotiations, have their banks frozen and have any vacation that falls within the negotiation period deferred. Deferred vacation will be taken immediately upon ratification of the contract except as mutually agreed upon by the Company and the Association.
- 34.04.08.02 The Company will provide flight coverage for these flights at its discretion without reference to the terms of the Collective Agreement.

34.05 Travel While On Association Business

Air Canada ACPA members travelling on Association business shall be issued passes and flight deck authority when conducting Air Canada business.

34.06 Issuance Of Agreement

- 34.06.01 The Scheduling Rules are a part of the Collective Agreement.
- 34.06.02 The Scheduling Rules will be amended as part of negotiations at the same time as this is being done for the Collective Agreement.
- 34.06.03 The Company shall, not later than sixty (60) calendar days after signing the Agreement, distribute the printed Agreement and Scheduling Rule revisions to the Pilots.
- 34.06.04 The basic information of changes to the Agreement and Scheduling Rules given to the Crew Scheduling Department for their implementation will also be distributed to the pilots at the same time.
- 34.06.05 The Company agrees to distribute Letters of Commitment in 37.02 to all pilots on a one time basis.
- 34.06.06 The Seniority List is part of the Collective Agreement.

34.07 Hold-Harmless Clause

The Company shall indemnify a pilot or his estate and provide defense against any claims, whether by third parties or by fellow employees, arising out of such pilot's performance of his duties with the Company as a pilot unless such claims arise from the wilful misconduct of the pilot.

34.08 Telephone Monitoring System

- 34.08.01 Air Canada and the Air Canada Pilots Association agree to the maintenance of a telephone monitoring system in the System Flight Crew Scheduling Department.
- 34.08.02 The purpose of the system is to provide a record of conversations between system flight crew schedulers and pilots covered by the collective agreement in the course of performing their duties.

34.08.03 It shall be referred to when situations such as those listed below, are brought forth by either party:

- incident reports (contractual disputes/violations);
- letters of complaint; and
- grievances

34.08.04 The following parameters have been agreed to by both parties:

34.08.04.01 The system will not be used to monitor the performance or initiate discipline on an employee.

34.08.04.02 When a situation described in 34.08.03 above occurs, the Association or Crew Scheduling may request a review of a recording by providing a written request to the Manager, System Flight Crew Planning & Scheduling. This request shall be initiated within thirty (30) days of reasonable knowledge of this situation by the Association or crew scheduler.

34.08.04.03 When there is a requirement to review a recording, at least one representative of the Company and one representative of the Association shall be present. The affected employee(s) may also attend the review

34.08.04.04 An unmonitored telephone line shall be provided for calls from ACPA representatives to System Flight Crew Scheduling concerning matters arising from the collective agreement or other official business between the Company and the Association.

Recorded calls shall be kept for at least seventy-five (75) days.

34.09 Association/ Management Headquarters Committee

34.09.01 In recognition of the need for increased communication on matters of policy and discussion of issues which may have impact on the Association, the pilot group or the Company, it is agreed that a small committee composed of senior representatives of the Association, Flight Operations and Labour Relations will meet on a quarterly basis to review such matters.

34.09.02 Topics to be discussed will be exchanged two weeks in advance of the meetings which will be scheduled to occur in February, May, August and November annually.

34.09.03 Minutes of these meetings will reflect the discussion and any resolutions which may have been reached and will be distributed to senior management of Flight Operations and the ACPA Master Executive Council.

34.09.04 The Company and the Association agree that this procedure is intended to complement and enhance current channels of communication.

34.10 Flight Crew Report (FCR) Distribution

34.10.01 Flight Operations will forward a copy of all categorized FCR's categorized incident reports to ACPA if requested to do so by the individual pilots.

34.10.02 The Flight Crew Report form will include a distribution box for forwarding to the Air Canada Pilots Association.

- 34.10.03 All FCR's reports requested to be copied to ACPA will be forwarded to ACPA Headquarters, ATTN.: MEC Chairman.

34.11 Preferential Bidding System

- 34.11.01 ACPA and the Company have agreed to develop a Preferential Bidding System.
- 34.11.02 The Association and the Company have agreed to form a joint Preferential Bidding System Committee (PBSC). The PBSC will be responsible for the administration of the Preferential Bidding System.
- 34.11.03 Changes to PBS that are recommended by the PBSC will be subject to approval by both the Company and ACPA.

34.12 Compassionate Transfer

Air Canada and ACPA agree upon the need for a method of dealing compassionately with pilots who may, in exceptional circumstances require temporary transfer to a base other than the base to which they are contractually assigned.

Should such transfer be approved, the Company will create a temporary position (surplus to requirements) at the new base and retain the option to replace the vacated position at the original base. The CMSC will monitor this process.

- 34.12.01 Requests for compassionate transfer will be handled in the normal manner. (i.e. through his ACPA pilot assistance representative or Chief Pilot.)

All such requests must be forwarded to the Compassionate Transfer Review Committee (CTRC) where approval of the request will require a majority vote. If the Committee vote is deadlocked, the Air Canada ACPA MEC Chair will cast the deciding vote. This decision will then be returned to the CTRC for implementation.

- 34.12.02 When a transfer is approved under Article 34.18, the pilot's rights at the new base will be as follows:
- 34.12.02.01 The pilot will retain his pre-transfer status (Captain, F/O, S/O) at the new base with the exception that, if he is a S/O transferring to a base having no S/O's he will be allowed to qualify for F/O status.
- 34.12.02.02 The pilot will be assigned to this temporary position which will be junior to the most junior position on the base in his status. (i.e. last man in his status on the lowest rated equipment.)
- 34.12.02.03 Pay will be calculated using the lesser of 1) the pilots pre-transfer rate of pay or 2) the rate applicable for the temporary position and will be applied to the credits earned at the new base.
- 34.12.02.04 Bidding for vacation periods, blocks, and all other contractual rights associated with seniority, will be based on junior seniority as in 34.12.02.02 above.
- 34.12.02.05 The pilot will absorb all costs associated with any moves.
- 34.12.02.06 The pilot must bid for all vacancies at the new base in his status.

- 34.12.02.07 The ongoing justification for all compassionate transfers will be reviewed annually by the CTRC. When a pilot is required by the CTRC to return to his original base, he will be reinstated in his original position, with all associated bidding rights.
- 34.12.03 CTRC Composition - two members from Air Canada (a management representative and company doctor), and two members appointed by ACPA. (The ACPA members will not come from the Employee Assistance Program.) The CTRC will develop and utilise a criteria test with the objective of achieving a fair, equitable and consistent system-wide adjudication process.

34.13 Joint ACPA - Management Technology Committee

- 34.13.01 It is recognised that technology within the Aviation industry is continually changing, and as a result the Association and Management agree to set up a joint committee (2 Company, 2 ACPA) to research, study, make recommendations and develop implementation and training programs to assist both the Company and it's pilots adapt to the changing technological environment.
- 34.13.02 The areas that this joint committee can investigate can include, but are not limited to: On Board Library, Electronic On Board Library, GPS, RNAV, FANS, DATAPLUS, Communications devices and navigation equipment.
- 34.13.03 The committee will agree to meet on a regular basis to discuss upcoming activity.

ARTICLE 35 – CHECK-OFF ASSOCIATION DUES

- 35.01** The Company shall deduct on the payroll for the first period of each month from wages due and payable to each employee (including Permanent Management Pilots) coming within the scope of this Collective Agreement an amount equivalent to the monthly dues of the Association, subject to the conditions set forth hereunder.
- 35.01.01** The amount to be deducted shall be equivalent to the regular dues payment of the Association and shall not include initiation fees or special assessments. The amount to be deducted shall not be changed during the term of Agreement excepting to conform with a change in the amount of regular dues of the Association in accordance with its constitutional provisions.
- 35.01.02** Membership in the Association shall be available to any employee eligible under the constitution of the Association on payment of the initiation or reinstatement fees uniformly required of all other such applicants by the Association. Membership shall not be denied for any reasons of race, national origin, colour or religion.
- 35.01.03** Deductions shall commence on payroll for the first pay period of the calendar month following completion of the first line flight in a position covered by this Agreement.
- 35.01.04** If the wages of an employee payable on the payroll for the first pay period of any month are insufficient to permit the deduction of a full amount of dues, no such deduction shall be made from the wages of such employee by the Company in such month. The Company shall not, because the employee did not have sufficient wages payable to him on the designated payroll, carry forward and deduct from any subsequent wages the dues not deducted in an earlier month.
- 35.01.05** Only payroll deductions now or hereafter required by law, deduction of monies due or owing the Company, pension deductions and deductions for provident funds shall be made from wages prior to the deduction of dues.
- 35.01.06** The Company shall not be responsible financially or otherwise either to the Association or to any employee for any failure to make deductions or for making improper or inaccurate deductions or remittances. However, in any instance in which an error occurs in the amount of any deduction of dues from an employee's wages, the Company shall adjust it directly with the employee. In the event of any mistake by the Company in the amount of its remittance to the Association, the Company shall adjust the amount in a subsequent remittance. The Company's liability for any and all amounts deducted pursuant to the provisions of this Article shall terminate at the time it remits the amount payable to the Association.
- 35.01.07** The question of what compensation, if any, shall be paid the Company by the Association in recognition of services performed under this Article shall be subject to reconsideration at the request of either party on fifteen **(15)** days' notice in writing.
- 35.01.08** In the event of any action at law against the parties hereto resulting from any deduction or deductions from payrolls made or to be made by the Company pursuant to the first paragraph of this Article, both parties shall cooperate fully in the defence of such action. Each party shall bear **its** own cost of such defence except that if at the request of the Association, counsel fees are incurred, these shall be borne by the Association. Save as aforesaid, the Association shall indemnify and save harmless the Company from any losses, damages, costs, liability or expenses suffered or sustained by the Company as a result of any such deduction or deductions from payrolls.

35.01.09 Effective with the block month following ratification of the Collective Agreement Permanent Management pilots shall pay dues on basic salary plus \$2000. Basic salary for permanent management pilots will be determined as 78h ½ day, ½ night including overseas and nav-aid pay where applicable, based on the equipment for which the management pilot is being paid.

ARTICLE 36 - DURATION AND EFFECTIVE DATE

- 36.01** This Agreement shall become effective April 2, 2000 and shall continue in full force and effect until July 1, 2009 and shall renew itself without change each succeeding year, unless written notice of intended change is served by either party within ninety (90) days prior to the expiry date. In the event that notice is given of intended change, this Agreement shall remain in full force and effect while negotiations are being carried on for the arrangement of a further Agreement.
- 36.02** On June 2, 2006, the parties agree to re-open only **(a)** wages, **(b)** Maximum Pension Units, **(c)** Pension Indexation and **(d)** Pension Final Average Earnings for negotiations, subject to mediation and binding interest arbitration. There will be no strike or lockout during those negotiations. Any unresolved difference in the negotiations will be resolved, as necessary, through mediation and binding arbitration. Failing agreement between the parties on the selection of the mediator/arbitrator, the mediator/arbitrator will be appointed by the Minister of Labour.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this day of 2005

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

ARTICLE 37 – LETTERS

37.01 Letters Of Understanding

The following Letters of Understanding (L.O.U.'s) form part of the Collective Agreement and have either been retained, deleted or relocated to the appropriate article in the Collective Agreement.

L.O.U. 1	Covering Charges for Relief from Flight Duties for Pilots on CALPA Business and Modification to Article 22 - Seniority	Art. 34.04
L.O.U. 2	Charter/Cargo Flying	Remains as LOU
L.O.U. 3	Third crew member for Boeing 747, Lockheed 1011 and Boeing 727 aircraft	Deleted
L.O.U. 4	Relief Pilot - Bombay to London	Deleted
L.O.U. 5	Duty and Off Duty Periods	Deleted
L.O.U. 6	Group Insurance	Art. 26.01
L.O.U. 7	Flight Safety Program Usage of Aircraft Electronic Recording and Reporting Devices	Art. 27.09
L.O.U. 8	Career Reorientation Plan	Art. 14.06
L.O.U. 9	Group Disability Income Plan	Art. 26.03
L.O.U. 10	Introduction B747-400 Aircraft	Deleted
L.O.U. 11	Air Canada Pilot Pension Plan	Art. 26.04
L.O.U. 12	Two (2) Pilot Aircraft (Excluding DC9) -- Overseas Operations Excluding North America and the Caribbean	Deleted
L.O.U. 13	Deleted	Deleted
L.O.U. 14	Association/Management Headquarters Committee	Art. 34.09
L.O.U. 15	Incident Report Distribution	Art. 34.10
L.O.U. 16	Preferential Bidding System	Art. 34.11
L.O.U. 17	Canadian Regional Air Carrier Alliance/Liaison/Connector Affiliates	Article 1
L.O.U. 18	Move-Up / Transition Provision Canadian Regional - Liaison / Alliance / Connector Carriers Transition Agreement/LOU 18 Clarification	Modified
L.O.U. 19	Off-Shore Assignment B-747-400	Deleted
L.O.U. 20	System Pairing Evaluation Committee	Remains as LOU
L.O.U. 21	Pilot Crew Meal Guidelines	Art. 16.04
L.O.U. 22	Flight Crew Augmentation (Except DC9-DC8)	Deleted
L.O.U. 23	Deleted	Deleted
L.O.U. 24	Temporary Crew B-737 - Winnipeg Base	Deleted
L.O.U. 25	Extension to Collective Agreement	Deleted
L.O.U. 26	Hadj Charter Operation - 1993	Deleted
L.O.U. 27	Wet Lease Program - Polynesian Airlines 1993/1994	Deleted
L.O.U. 28	Pilot Employment Levels	Deleted
L.O.U. 29	Pilot Productivity Improvement Protection Plan	Deleted
L.O.U. 30	RJ-50 Aircraft	Deleted
L.O.U. 31	The CL-65 Aircraft	Deleted
L.O.U. 32	Code Sharing	Article 1
L.O.U. 33	Joint Sub-Committee Activities	Deleted
L.O.U. 34	Compassionate Transfer	Art. 34.12
L.O.U. 35	L-1011 Re-Introduction	Deleted
L.O.U. 36	Trial Captain Upgrade Program	Deleted
L.O.U. 37	Furlough Pilot Recall Process	Deleted

L.O.U. 38	Introduction A-340 Aircraft	Deleted
L.O.U. 39	Temporary Staffing Relief	Deleted
L.O.U. 40	Training Alternative Committee	Remains as LOU
L.O.U. 41	Transition Agreement	Modified
L.O.U. 42	Crewing Relief	Deleted
L.O.U. 43	Cogscreen Testing	Remains as LOU
L.O.U. 44	Pay and Vacation Adjustment/ Furloughed Pilots 1992-95	Remains as LOU
L.O.U. 45	Preferential Bidding System	Modified
L.O.U. 46	Acting Check Pilots and Acting Flight Instructors	Article 21
L.O.U. 47	Air Canada – Pilots Share Appreciation Plan	Deleted
L.O.U. 48	Extra Hours to Address Growth Opportunities	Deleted
L.O.U. 49	A320/340 Augment Pilots	Deleted
L.O.U. 50	Procedure for Completing a Simulator Crew Complement	Modified
L.O.U. 51	Low Cost Carrier ([LCC] – Basic Tenets for Work Rules & Conditions)	Deleted
L.O.U. 52	Work Sharing	Remains as LOU
L.O.U. 53	Special Leave of Absence Program	Remains as LOU
L.O.U. 54	Special Sport and Business Charter Program	Remains as LOU
L.O.U. 55	Voluntary Block Reduction Program	Remains as LOU
L.O.U. 56	Edmonton ZIP Base	Deleted
L.O.U. 57	Pay Rates for Aircraft between 76 and 110 Seats Inclusive	New LOU
L.O.U. 58	ZIP J-class	Deleted
L.O.U. 59	Special Leave of Absence Program	New LOU
L.O.U. 60	Early Retirement Incentive Program	Incorporated in MOA June 4, 2004
L.O.U. 61	Reinstatement Rights	Modified
L.O.U. 62	Addition of two A340-500 Aircraft (Fin #s 951 & 952) to the Mainline Fleet	New LOU
L.O.U. 63	Position Group (PG)	New LOU
L.O.U. 64	Embraer 170/175/190 & CRJ 705 Agreement	New LOU
L.O.U. 65	Acquisition of Boeing 777 and 787 aircraft	New LOU

37.02 Letters Of Commitment

The following Letters of Commitment (L.O.C.'s) form part of this Collective Agreement and have either been retained, deleted or relocated to the appropriate article in the Collective Agreement.

L.O.C. 1	Flight pay loss for ACPA negotiators	Art. 34.04.08
L.O.C. 2	Deadheading pass priority	Remains as LOC
L.O.C. 3	Flight pay loss for ACPA President	Deleted
L.O.C. 4	Introduction of new freighter aircraft	Art. 13.02
L.O.C. 5	Rehabilitation allowance/Pension/Pass Priority	Art. 14.06
L.O.C. 6	Air Canada settlement involving Mr. W.P. Kelly	Deleted
L.O.C. 7	Crew complement in the simulator	Art. 14.04.12 & LOU 50
L.O.C. 8	Involuntary assignment	Remains as LOC
L.O.C. 9	Changes to scheduled pairings	Remains as LOC
L.O.C. 10	Deadheading on other than designated flights	Art. 12.09
L.O.C. 11	Article 2.18 map	Art. 8.06
L.O.C. 12	Introduction of the B-767	Deleted
L.O.C. 13	War zone insurance coverage	Art. 26.05
L.O.C. 14	Pass priority when deadheading for training	Remains as LOC

L.O.C. 15	Pass travel -Article 25	Remains as LOC
L.O.C. 16	F/J seating - economy flights	Art. 12.10
L.O.C. 17	Scope clause - reopener	Remains as LOC
L.O.C. 18	Centralized crew scheduling	Deleted
L.O.C. 19	Deadheading on other airlines	Art. 12.12
L.O.C. 20	Non-smoking seat selection	Art. 12.11
L.O.C. 21	On-board library	Art. 34.13
L.O.C. 22	Meal guidelines	Deleted
L.O.C. 23	Aircraft headsets	Art. 34.13
L.O.C. 24	Alliance carriers	Deleted
L.O.C. 25	LOU No.17	Deleted
L.O.C. 26	Pilot training	Deleted
L.O.C. 27	A-320 training	Deleted
L.O.C. 28	Flight Data Reporting Systems	Art. 27.10
L.O.C. 29	L.O.U. No. 19	Deleted
L.O.C. 30	Loft Training	Art. 14.04.19
L.O.C. 31	Simulator, Training/Checking	Deleted
L.O.C. 32	A-340 Rest Facilities	Art. 13.03
L.O.C. 33	Furloughed Pilot Pension Buyback	Deleted
L.O.C. 34	Printing and Distribution of the Collective Agreement	Remain as LOC
L.O.C. 35	Bank Time – Flat Salary Pilots	Deleted
L.O.C. 36	Collective Bargaining – Connector Airlines	Deleted
L.O.C. 37	Bank Time – Cash Clear Option	Deleted
L.O.C. 38	Relief Pilot Crewing	Deleted
L.O.C. 39	Training Failure Handling	Deleted
L.O.C. 40	Top-Up Benefits on Grounded Retirement	Remain as LOC
L.O.C. 41	Augmentation – A340 Aircraft - Designated 1 "J" Class Seat	Remain as LOC
L.O.C. 42	Top-Up Payment of Insured Medical Services	Remain as LOC
L.O.C. 43	Long-Term Employee Stock Ownership Committee	Remain as LOC
L.O.C. 44	Contracted Simulator Trainers	Deleted
L.O.C. 45	Application of Company Benefit Plans to Pilots Residing Outside of Canada	Remain as LOC
L.O.C. 46	Pay Rates for Aircraft of 75 Seats or less	New LOC
L.O.C. 47	CL-65 Job Guarantee	New LOC
L.O.C. 48	Pension Indexation	New LOC
L.O.C. 49	Munroe Award	New LOC
L.O.C. 50	Allocation of Aircraft between 76 and 110 Seats	New LOC
L.O.C. 51	Planned Deadheads	New LOC

37.03 Appendices

The following appendices shall form part of the Collective Agreement

Appendix A	Re: Article 30.12.02 List of Expedited Arbitrators	New Appendix
Appendix B	Memorandum of Agreement June 17, 2003 including:	New Appendix
	<ul style="list-style-type: none"> ▪ Labour Cost Term Sheet ▪ Air Canada, Air Canada Jazz, ACPA & ALPA Equipment Acquisition & Scope Agreement 	

Appendix C	ACPA, Jazz Air Inc., ALPA and Air Canada Settlement Agreement including: <ul style="list-style-type: none"> ▪ Arbitrator Martin Teplitsky Consent Award dated July 12, 2004 incorporating the Settlement Agreement into the Collective Agreement 	New Appendix
Appendix D	Memorandum of Agreement June 4, 2004 including: <ul style="list-style-type: none"> ▪ Early Retirement Incentive Program ▪ Labour Cost Term Sheet ▪ Clean Slate Agreement ▪ ACPA Indemnity 	New Appendix
Appendix E	Arbitrator Teplitsky Consent Award dated September 17, 2004 – Re: Aeroplan Grievance	New Appendix

LETTER OF UNDERSTANDING 2
between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

CHARTER/CARGO FLYING

It is agreed that the following will apply to Charter/Cargo Flying.

L2.01 Duty periods and/or rest periods outside contractual limitations associated with Charter Flying/Cargo Flying will be by mutual agreement between the Company and the Association.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement this 29th day of January 1997.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING 18
between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

**TRANSITION OF CONNECTOR PILOTS
TO THE
AIR CANADA PILOTS SYSTEM SENIORITY LIST**

It is hereby agreed that the opportunity of orderly advancement onto the Air Canada Pilots' System Seniority List shall be made available to all pilots employed by Air Canada Connector Airlines in accordance with the following provisions.

- L18.01 It is acknowledged that the intent of this provision is for Air Canada to consider offering positions to pilots from the Air Canada Connector Airlines, while respecting the law and in particular the requirements of the Employment Equity Guidelines of the Government of Canada.
- L18.02 Pilots in L18.01 above will be offered position vacancies in order of seniority from the Combined Seniority List of Air Canada Connector Airlines. This list will be compiled subject to the Labour Laws of Canada.
- L18.03 A pilot will be required:
- L18.03.01 To meet the published basic requirements and minimum's that relate to employment with Air Canada as a pilot and to successfully complete the assessment process.
- L18.03.02 To meet the performance standards established by Air Canada that apply to newly hired pilots.
- L18.04 Pursuant to an agreement between the Air Canada Connector Airline and CALPA, a pilot who fails to qualify for a position on the Air Canada Pilots' System Seniority List may have the option of returning to the position held at the Air Canada Connector Airline.
- L18.05 Subject to L18.03, a Connector pilot who applies for a vacancy offered in L18.01 whose Combined Connector Seniority entitles him to such a vacancy but whose induction is delayed on the basis of L18.05.01 or L18.05.02 below, may have a seniority number reserved for him on the Air Canada Pilots' System Seniority List. The respective time served as a pilot with the Connector Airline will be treated as Air Canada service (excluding pension) when he joins Air Canada.
- L18.05.01 If the pilot has not been on the current equipment and/or status with the Connector Airline for 24 months Air Canada may delay his induction for up to the remainder of the 24 month period. Information required to verify the application of this provision will be provided in advance to the MEC Chairman, ACPA.
- L18.05.02 Effective the date of ratification of this agreement, if a Management pilot at a Connector Airline is essential to that airline for operational reasons, Air Canada may delay his induction for up to six (6) months. This provision will be applied on a case by case basis with prior mutual agreement between Air Canada and the MEC Chairman, ACPA. Such agreement will not be unreasonably withheld.

- L18.05.03 A Pilot joining Air Canada subsequent to the period of time specified in L18.05.01 and .02 above will be assigned a position, **as** determined by the CMSC, such that no Air Canada pilot will be displaced from his base nor furloughed as a result.
- L18.06 A pilot transitioning to Air Canada from an Air Canada Connector Airline will be paid in accordance with Articles 3 through 10, as applicable.
- L18.07 If there is a total sale or divestiture of any Air Canada Connector Airline, then the pilots of that carrier will be removed from the Combined Seniority List of Air Canada Connector Airlines, subject to the Laws of Canada.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this 1st day of November, 1998.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

PAY CLARIFICATION TO TRANSITION/SENIORITY AGREEMENT

TRANSITION AGREEMENT/LOU 18 CLARIFICATION

The following list is provided to clarify how an individual's benefits and employment conditions are affected by Flight Staff Employment Date or the implementation of LOU18.05:

LOU 18.05 Implementation Date

1. Seniority number & date
2. Flat Salary duration & amount
3. Formula pay commencement
4. New Hire Freeze expiry (Article 25.17)
5. Pass Service date & entitlement
6. Vacation entitlement (includes up to 4 yrs. connector credit)

Flight Staff Employment Date

1. Job (Position) selection (equip/base)
2. Air Canada insurance & benefit coverage

NOTE: This date will also govern all items listed under L18.05 for any pilot not subject to L18.05.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this day of _____, 2000.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 20

between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

PAIRING EVALUATION AND APPROVAL COMMITTEE

L20.01 One of the responsibilities of the Pairing Analyst is to produce flight pairings which are "legal" within the terms and conditions of the Collective Agreement. Occasionally, a pairing may be generated which, although meeting the above criteria, may be deemed to be onerous by the operating pilots. Therefore, the Company and the Association will form a joint committee to evaluate and where necessary, alter the pairings in question.

This committee will be known as the Pairing Evaluation and Approval Committee (P.E.A.C.) and will be comprised of the following members:

– **Representing the Association;**

The Association will appoint a maximum of three (3) members.

– **Representing the Company;**

The Company will appoint a maximum of three (3) members including:

– **One Permanent Management Pilot**

- one (1) Air Canada management representative who served as a member of the Company negotiating team that negotiated the current contract.

PEAC will consult with the Sr. Dir. Medical Services or his designate as required.

L20.02 **Procedure**

When a crew operates a legal pairing they consider to be onerous they will notify their Chief Pilot and an ACPA representative in writing. PEAC will be requested, by the Company or the Association, to convene a meeting of the committee, within ten (10) calendar days to address the issue.

When assessing the acceptability of pairings, the following factors will be considered individually and cumulatively with due reference to the guidelines and regulations contained in the reference documentation (L20.03 below).

- Departure/arrival times
- Number of landings
- Time on duty (including flight deck duty time)
- Flight crew relief requirements
- Window of Circadian Low (WOCL)
- Deadheading - Prior to/after
- Off duty rest period
- Airport and/or Hotel Location
- Crew Base Time Zone (Acclimatization considerations)
- Variation between individual biological clocks
- Nutritional requirements

- Whether reporting time of a flight or flights should be longer than one (1) hour fifteen (15) minutes.

Pairings which are deemed by PEAC to be onerous, will be returned to the System Pairing Analyst for immediate rectification.

A pairing which is deemed by PEAC not to be onerous will remain active and the crew will be so advised. The crew will be given the option of an appeal before the Committee.

Based on these guidelines, with due recognition of Flight Safety and the continuing need for pairing efficiency, agreement within the Committee shall not be unreasonably withheld.

L20.03 **Reference Documents**

In recognition of published scientific data and guidelines relating to flight crew fatigue management, when the committee is required to approve a pairing that is deemed to be onerous, its evaluation will be based on but not restricted to, the regulations, guidelines and limitations contained in the following documents:

- The COLLECTIVE AGREEMENT (Article 17)
- Canadian Aviation Regulations (CARs)
- The NASA document entitled - Principles and Guidelines for Duty and Rest Scheduling in Commercial Aviation. (Dated 1995).
- The Airbus Industrie document titled - Coping With Long-Range Flying (Dated 1995).
- The document prepared for the FAA titled - 'An Overview of the Scientific Literature Concerning Fatigue, Sleep, and the Circadian Cycle. (Dated January 1998)

L20.04 **Onerous Pairing Resolution Procedure**

If a dispute regarding the acceptability of a pairing arises within the PEAC, it will be handled as follows:

- L20.04.01 The PEAC shall, within ten (10) calendar days of notification, attempt to resolve the dispute.
- L20.04.02 If due to time or flight crew constraints the pairing(s) cannot be changed it/they will be flown for a maximum of one (1) full block month after notification.
- L20.04.03 If unable to resolve the dispute, the PEAC shall advise the offices of the Vice President, Flight Operations and MEC Chairman of the reason(s), as well as recommendations for resolution of the onerous pairing(s). The Vice President and the MEC Chairman will then review the pairing(s) in dispute and it/they will be resolved or cancelled.

L20.05 **Disputed Pairing Resolution Procedure**

Monthly pairings will be forwarded to ACPA and to the ACPA PEAC members as soon as they have been completed. Any pairing, identified by the ACPA PEAC members, that does not meet the provisions of the Collective Agreement, either due to an error made during pairing production or due to a disagreement in interpretation of a particular aspect of the Collective Agreement shall be brought to the attention of PEAC for resolution. The following procedure shall be followed:

- L20.05.01 The PEAC committee shall, within ten (10) calendar days, attempt to resolve the disputed pairing.
- L20.05.02 Should PEAC be unable to agree on the contract interpretation or resolve the pairing error (if applicable), the interpretation or pairing error will be referred to expedited arbitration in accordance with Article 30.12 for final resolution.
- L20.05.03 The disputed pairing shall be flown until the earlier of a resolution using the PEAC process, an expedited arbitration decision, or one full block month after notification.

L20.06 **Glossary of Terms**

L20.06.01 **"Window of Circadian Low" (WOCL)**

The hours between 0200 and 0600 for individuals adapted to a usual day-wake/night-sleep schedule. For flight duty periods that cross 3 or fewer time zone boundaries, the WOCL is 0200-0600 home-base/domicile time. For flight duty periods that cross 4 or more time zone boundaries, the WOCL is 0200 to 0600 home-base/domicile time for the first 48 hours only. After a crew member remains more than 48 hours away from his/her home-base/domicile, the WOCL is 0200-0600 local time at point of departure.

L20.06.02 **Acclimatised**

To become acclimatised a flight crew member must achieve three consecutive local nights free of duty and be able to take an uninterrupted night's sleep in a single time zone. The flight crew member shall be considered acclimatised until he becomes acclimatised to another time zone or becomes non-acclimatised by finishing his duty at a place where the local time differs by more than three (3) hours from that to which he is acclimatised. For the purposes of this article, 'local night' is considered to be the period that falls between the hours of 22:00 hours and 07:59 hours local time.

L20.06.03 **"Flight Deck Duty Time"**

"Flight Deck Duty Time" means the total time spent by a flight crew member at a flight crew member position in an aeroplane during flight time.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this day of _____, 2000.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING 40
between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

TRAINING ALTERNATIVES COMMITTEE

- L40.01 During the recent contract negotiations, several issues related to Air Canada's concerns regarding pilot training were discussed but remain unresolved. As a result of these discussions, it is agreed to establish a joint committee which will meet during the term of the new Collective Agreement for the purpose of studying and reporting on these issues.
- L40.02 This committee will report on the feasibility of the following issues, and such further issues as may arise from its discussions:
- L40.02.01. Alternative pay methods
 - L40.02.02. Freezes and training bypass pay
 - L40.02.03. Equipment/Base alternatives (eg Satellite Crew Bases)
 - L40.02.04. The use of PBS to award annual line checks
 - L40.02.05. The problems of Blocking on Long-Range aircraft
 - L40.02.06. Overall training issues
- L40.03 Any recommendations the committee may make will not be implemented without ACPA ratification.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding on this 29th day of January 1997.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING41
between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

**ACPA SENIORITY AND THE TRANSITION OF CONNECTOR PILOTS
TO THE
AIR CANADA PILOTS SYSTEM SENIORITY LIST**

The following changes will greatly enhance the pay, benefits and working conditions of pilots choosing to "move up" from the Connectors, compared to what they are presently entitled to as new hire pilots. This agreement will significantly improve the conditions under which a Connector pilot will transition to the Air Canada Pilots' System Seniority List as per LOU 18 and Article 22, while still abiding by ACPA's desire for career protection through the continued strict application of Article 22.01.

L41.01 Basic principles:

- L41.01.01. Any integration of seniority lists such as that suggested by M. Picher or previously proposed LOU 40 is not acceptable to Air Canada.
- L41.01.02. No pilot whose Air Canada Flight Staff Employment date is later than June 4, 1995 will be senior to R. Di Stasio, #1606 on the January 01, 1996 Air Canada Pilots' System Seniority List.
- L41.01.03. All pilot hiring shall be in accordance with Article 22 and LOU18 (as amended). Air Canada pilot positions offered to Air Canada Connector Airline pilots will be offered in order of combined connector seniority.

L41.02 Provisions to facilitate the transition of Connector pilots to the Air Canada seniority list:

- L41.02.01. The Air Canada/ACPA joint pension committee will review the feasibility of "pension buy-back provisions" for pilots transitioning from Air Canada Connector Airlines, subject to pension rules under law and at no cost to Air Canada. Should the parties agree that such buy-back provisions are feasible they will be offered to transitioning Connector pilots to the extent possible.
- L41.02.02. Subject to the resolution of the seniority grievance between the parties, the seniority dates of all pilots whose Air Canada Flight Staff Employment date is later than June 4, 1995 will be adjusted **so** that no pilot will have a seniority date later than that of a pilot junior to him on the Air Canada Pilots' System Seniority List.
- L41.02.03. The following wording changes:

ARTICLE 22: SENIORITY

22.01 The seniority date of a pilot shall be the date on which he is designated as and received remuneration as a Pilot. When two (2) or more Pilots are designated as such on the same date, their seniority shall be established in accordance with the date of their employment on the flight staff of the Company. If they were employed on the same date, their respective positions on the Pilots' System Seniority List shall be decided by the Company, provided that in no case shall a pilot's seniority date be later than the date of his first flight as a Pilot.

For greater clarity, in the event of any future:

- 22.01(i) declaration of common employer status and/or declaration of sale of business;
- 22.01(ii) purchase or merger of airlines or parts thereof; or
- 22.01(iii) other combination of flying operations under the Company; the seniority of employees who are to be added to the seniority list as a result of such event shall commence no earlier than the date of the issuance of any CLRB order regarding the declaration of common employer status and/or sale of business, the date of the future purchase or merger of airlines, or the date of such other future combination of flying operations, as the case may be."

34.11.06 (new) "The Seniority List is part of the Collective Agreement."

(NOTE: The seniority list is subject to the resolution of the grievance.)

- L41.02.04. The agreement reached between Air Canada and ACPA with respect to the transition of Air Canada Connector Pilots to the Air Canada Pilots System Seniority List shall be made available to all Air Canada Connector pilots.
- L41.02.05. Amend LOU #18, as attached, to reflect provisions for transition of pilots from the Air Canada Connector Airlines to the Air Canada Pilots' System Seniority List, as agreed to between Air Canada and ACPA.

This Agreement has been made and entered into by and between the parties on the day of 2000, and shall be effective upon and subject to ratification by the Air Canada pilots.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 43

**between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION**

COG SCREEN

The Air Canada Pilot Association is opposed to the use of psychological testing except for purpose of research that may be of benefit for the piloting profession.

The Association is now faced with the task of applying this policy to the development of computerized aptitude test of cognitive function known as Cogscreen. The Cogscreen test may be beneficial to pilots seeking medical re-licensing after severe head trauma or invasive brain or other head surgery. The re-licensing of such pilots has been difficult in the past due to the lack of benchmark data to serve as a comparison for pre- and post- trauma cognitive functioning.

Discussions have been held involving ACPA, the Aeromedical Committee, ACPA Human Performance Division, Air Canada Medical Department and Air Canada Flight Operations. Following these discussions, an established protocol with appropriate guarantees has been agreed between the parties as follows:

- L43.01 The parties agree that the test will be administered by Air Canada personnel at Air Canada's medical clinics.
- L43.02 Air Canada Pilots may volunteer to take a CogScreen test as part of their regular medical examination.
- L43.03 The parties agree that the anonymity of individuals who elect to take the Cogscreen test will be treated with the same medical privacy privilege that applies to any other medical test.
- L43.04 The parties agree that Dr. Kay or a member of his test development team at Georgetown University will explain the test result to the individual. Dr. Kay would also provide the pilot with advice on what the test result means and how the individual's results compare to his peers (ie. similar age group).
- L43.05 The parties agree that the test result will remain anonymous or be destroyed at the pilot's option if the pilot should, after the explanation outlined in paragraph 3 above, elect not to release the test results to his/her medical file.
- L43.06 The parties agree that if a pilot chooses to release the test result to his/her medical file, that it will not be used in any manner other than to establish Baseline data for future re-licensing purposes, following a severe head trauma or invasive brain or other head surgery to that pilot.
- L43.07 The parties agree that once the test result is on the medical file, that it will not be released to any outside agency without the express written authorization of the pilot involved.
- L43.08 The parties agree that abnormal test result will not lead to further testing or any other job implications.

- L43.09 Test result would only be released on an individual basis by express written consent of the pilot involved and used only for the re-licensing of the pilot. (Court orders for information would, however, always need to be respected).
- L43.10 It is understood that Air Canada has been and continues to use Cogscreen for new hire pilots. All information drawn from such tests of new hires will be treated for all purposes as if provided on a voluntary basis in accordance with the principles set out in paragraphs L43.01 through L43.09 above.
- L43.11 Cogscreen testing may be used in medical circumstances other than those listed above (e.g. psychological conditions) on a case by case basis subject to mutual agreement between the Association, the Company and the pilot involved."

IN WITNESS WHEREOF, the parties have signed the Letter of Understanding this 1st day of November, 1998.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 44

**between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION**

PAY AND VACATION ADJUSTMENT FOR 1992 TO 1995 FURLOUGHED PILOTS

L44.01 On a one-time basis, the Company will adjust the pay increment level and vacation entitlement of any pilot furloughed in the 1992 to 1995 time period who has a pay increment level or vacation entitlement less than a connector pilot with a seniority date junior to him. The pay increment level and vacation entitlement will be equal to the pilot hired after June 4, 1995 with the highest pay increment level and/or vacation entitlement. This agreement will be implemented in the month following ratification of this Collective Agreement and shall not result in a retroactive payment to any pilot.

IN WITNESS WHEREOF, the parties have signed this Letter of Understanding the 1st day of November, 1998.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 45

between
AIR CANADA
and the

AIR CANADA PILOTS ASSOCIATION

PREFERENTIAL BIDDING SYSTEM [PBS]

- L45.01 While it is recognized that the full scope and detail of the PBS Program can not be realistically contained in the collective agreement, the basic tenets upon which the program has been established, and should continue, are embodied within this LOU.
- L45.02 This LOU will serve as the basic guidance and reference for the PBS committee as the need arises to resolve issues that are within the normal ongoing workings of the PBSC (PBS Committee), Any changes to the current PBS System and specification which are not in accordance with this LOU will require the mutual agreement of the Association and the Company.
- L45.03 The basic intent of PBS is to provide pilots with monthly schedules in accordance with their preferences (i.e.: PBS bids). While preferences are honoured in seniority order, global blocking solution constraints on the construction of blocks will exist.
- Simply stated - Pilots will be awarded blocks in accordance with their preferences and seniority, subject to the requirement that flying is blocked within the bounds of all system constraining parameters.
- L45.04 The primary constraints would include the following:
- L45.04.01 All flying must be blocked to within a maximum open time limit as established in the OPEN TIME FORMULA, see below, (or as otherwise agreed and selected by the PBSC).
- L45.04.01.01 The "allowable concurrent open pairing" parameter will be set at 25% (truncated integer value) of the anticipated pilot-months available on reserve for the associated optimization run (to be calculated by assuming an average block time equal to the median of the blocking window). This value will be a minimum of 2.
- L45.04.01.02 The "allowable open time" parameter will be set at fifty (50) hours per concurrent open time pairing, as calculated above, or as otherwise agreed by the PBSC.
- L45.04.02 All blocking legalities are met.
- L45.04.03 Scheduled activities such as vacation, training, absence and overlap will be factored into the global blocking solution constraints.
- L45.04.04 When the first assigned reserve out of seniority (ROS) occurs above a seniority level of fifteen percent (15%) from the bottom of the eligible bidder list associated with a blocking solution, a rerun will be completed, where time permits, using a blocking window of DMM minus eight (8) to DMM plus two (2) . Based on sound economic principals and adequate reserve coverage, the PBSC members will determine which solution will be implemented. Failing agreement, the original run shall be implemented. Out of seniority awards to block or reserve (ROS/BOS) resulting from the application of agreed to PBS specifications shall not be considered under L45.06.

- L45.05 The nature of the pairings and size of the global solution set can at times be expected to pose difficult blocking situations that might produce either undesirable results or, in some rare cases, "unblockable" situations. When such is the case, the PBSC has the authority to make decisions, as necessary, to generate a mutually acceptable resolution to such problem(s) through an interim policy. Options such as, but not limited to the following may be used:
- L45.05.01 Open the upper and/or lower limits of the blocking window to as much as MMG (lower) and/or DMM+3 (upper). Any blocked flying over DMM would be treated as block growth for the purposes of legality, bank and pay protection.
- L45.05.02 Adjust the value of Open Time and/or increase the value of concurrent reserve requirements for Open Time.
- L45.05.03 Increase and/or decrease the optional bank time drop availability
- L45.06 Reasonable efforts to avoid blocking irregularities may still not prevent the occasional "mis-award" from occurring. Because of the impracticality of re-awarding blocks after publication, the following resolution process will be used to compensate a pilot for a "mis-award":
- L45.06.01 Once a mis-award has been confirmed by the PBSC, a blocking rerun will establish the proper block award(s). The originally awarded block(s) will be flown.
- L45.06.02 Pilot's will be pay protected for the greater of the originally awarded block or corrected (rerun) block, whichever is greater.
- L45.06.03 Time-off requests that were not honoured in the original block, but are honoured in the corrected rerun block, will be allowed as a "drop - no credit", at pilot option, where reserve coverage exists. This is to be considered on a "net" basis. (If a generic request for SAT OFF results in 2 SATs worked on original block and 2 different SATs worked on corrected rerun, no entitlement to drop would exist.)
- L45.06.04 Any pilot whose drop entitlement, as described above, is refused as a result of coverage shall have the flying performed on such day(s) treated and paid as a draft and the draft premium shall apply.
- L45.06.05 A pilot mis-awarded reserve in lieu of a block, as determined by the PBSC, will be paid for the greater of his flying on reserve or the value of the block that should have been awarded. In the event that a determination of the correct block cannot be made due to discovery of programming errors, the pilot will receive the greater of his flying on reserve or the average of his last three (3) months. Where practical, a pilot at his option, may have any unused reserve days off rescheduled to days off that he would otherwise have been awarded, as identified by his corrected block.
- L45.07 Optional bank time drops will be made available on a monthly basis in accordance with the OPTIONAL BANK TIME AVAILABILITY FORMULA (see below).
- L45.07.01 Optional bank drop will be made available in an amount equal to the hours by which known pilot flying hour availability exceeds flying hours to be blocked x 1.25 (i.e., Flying x 1.25 – Pilots x DMM - Known Absences). The PBSC, through mutual agreement, may make additional optional bank drop time available.

- L45.08 Company paid flight displacements will be arranged for four (4) ACPA representatives, (to a maximum of twelve days total), in order to participate in the monthly block closing process until such time as the process is routinely monitored as "performing reliably with accuracy". Both Air Canada and the Association are committed to developing a standardised approach that will automate all parameters and related aspects of the award.
- L45.09 At the request of any member of the PBSC, a quarterly software vendor meeting will be arranged to provide an opportunity to review technical issues related to optimizer performance. Further meetings may be scheduled to take place with the mutual agreement of the PBSC.
- L45.10 A modification and improvement fund of \$35,000 per calendar year will be budgeted and under control of the PBSC to provide for ongoing enhancements to the PBS System. These funds will be available for use on mutually agreed items. Any unused portion of the annual \$35,000 fund may be carried forward to a maximum value of \$100,000.
- L45.11 The PBS architecture will offer an option for pilots, on a voluntary basis, to bid their blocks from home. Any personal computer equipment, third party agreements and/or communication expense required to accommodate "home bidding" will be the sole responsibility of the pilot.
- L45.12 The Preferential Bid Committee will be responsible for administering the implementation of the automated pre-assignment of simulators, line checks and annual recurrent training as set out in Article 21.08.

The PBSC will have the authority to develop interim measures to implement the manual application of the principles.

In keeping with the intent of Article 21.08, if in the opinion of the PBSC, the method set out in 21.08 proves to be unworkable the PBSC will be mandated to develop and implement alternative methods for the automated pre-assignment of simulators, line checks, and annual recurrent training.

IN WITNESS WHEREOF, the parties have signed this Letter of Understanding this day of _____, 2000.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING 45A

Between
AIR CANADA
And the
AIR CANADA PILOTS ASSOCIATION

**PREFERENTIAL BIDDING SYSTEM [PBS]
OPTIMIZER VERSION 'C'**

- L45A.01 Pursuant to Article 34.11 and LOU 45.02, the PBS Committee (PBSC) agrees to change the PBS System by replacing version 'B' of the PBS optimizer with version 'C' of the PBS optimizer.
- L45A.02 Version 'C' of the PBS optimizer incorporates modifications to the optimization technique. There remains a possibility that a pilot may be assigned a block against his bid when he has bid for reserve using a conditional reserve bid. This phenomenon is referred to as BOS or 'Block Out of Seniority'.
- L45A.03 The provisions of LOU 45, which provide for reasonable efforts to reduce and/or eliminate ROS, will continue to be used to reduce and/or eliminate ROS and BOS.
- L45A.04 In order for an awarded block to be designated as a 'BOS' block, it must meet all the following criteria:
- L45A.04.01 The 'BOS' pilot must have bid for conditional reserve.
- L45A.04.02 The number of pilots on the PBS run assigned to reserve blocks, who are junior to the 'BOS' pilot, must satisfy the conditional reserve request of the BOS pilot.
- L45A.04.03 The 'BOS' pilot must contact Crew Scheduling (PBS Administrator) within (48) hours prior to the beginning of the next block month, requesting designation as 'BOS' and reassignment to a reserve block.
- L45A.05 'BOS' block holders, who request reassignment to a reserve block, will be reassigned to reserve in order of seniority and in accordance with the following limitations:
- L45A.05.01 A maximum of four (4) BOS conversions to reserve will be allowed per position for any block run.
- L45A.05.02 The maximum number of BOS conversions to reserve for any block run may be further limited by the following formula which is based on quantifying true reserve availability:
- L45A.05.02.01 True Reserves = Total Reserve Flying Hours Available MINUS Hours of Known Open Time After Award DIVIDED BY DMM
- Total Reserve Flying Hours Available is calculated as flying AVLT, i.e., DMM less all other activities.
- L45A.05.02.02 BOS Allowance = True Reserves MULTIPLIED BY 25%.
- EG: 942 TRFHA - 126 HKOT = 816 + 78 = 10.46 True Reserves x 25% = 2.6
3 BOS Allowed as BOS Allowance will be rounded to the nearest integer value

- L45A.05.03 Notwithstanding the above, a minimum of one (1) BOS conversion to reserve will be allowed for any block run.
- L45A.06 'BOS' block holders, who request reassignment to a reserve block, will be reassigned to reserve in accordance with the following rules:
- L45A.06.01 A reserve block may be assigned, by mutual agreement of the pilot and crew scheduling, based on a consideration of normal reserve patterns, open flying coverage requirements, the pilot's seniority entitlement and requested reserve days.
- L45A.06.02 If the pilot and crew scheduling are unable to reach mutual agreement on reserve assignment days, the pilot will be assigned reserve as per a PBS rerun requesting XXX AVOID ALL for any such unresolved BOS pilots.
- L45A.07 The provisions of the Collective Agreement, including LOU 45, are amended only to give effect to the provisions contained in this LOU.

IN WITNESS WHEREOF, the parties have signed this Letter of Understanding this ____ day of September 2002.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 50

**between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION**

PROCEDURE FOR COMPLETING CREW COMPLEMENT

This letter of Understanding sets out the procedures for completing a simulator crew complement.

- L50.01 Prior to implementing the following procedures the Company may assign an AFI/ACP/PMP or Contract Instructor to complete the simulator crew complement as detailed in Article 14.03.18.
- L50.02 The simulator planner will maintain a list of volunteers that are willing to complete a simulator crew complement. This list will be available to pilots at all bases. The simulator planner will normally call volunteers from the base where the simulator is located and secondly from other bases, in order of seniority where practicable, in order to complete the crew complement assignment. Pilots who volunteer from other bases will be entitled to PY1/J10 priority passes in accordance with LOC 14, pay as outlined in Article 14.03.01, and applicable hotel accommodation and expenses. Travel credits will not apply.
- L50.03 If the simulator planner is unable to provide a volunteer, Crew Scheduling will award to Make-Up then to Reserve in order of seniority subject to the following:
- L50.03.01 The junior legal Reserve pilot will be alerted for the SIM assignment subject to a more senior reserve pilot accepting same.
- L50.03.02 No Reserve pilot may be forced out to cover a simulator more than once per block month provided there is a more senior reserve pilot available who has not been forced out to cover a SIM session in the same block month.
- L50.03.03 If a Reserve pilot is not available due to operational requirements, an Air Canada AFI, ACP, or permanent management pilot may be assigned.
- L50.03.04 If a Reserve pilot is not available due to operational requirements and an Air Canada AFI, ACP, or a permanent management pilot is not available, the SIM period may be covered with a contract instructor, for training purposes only, subject to the concurrence of the pilot being trained.
- L50.04 All SIM assignments will be subject to the approval of the Chief Pilot – Training or his designate.

IN WITNESS WHEREOF, the parties have signed this Letter of Understanding this day of
, 2000.

FOR AIR CANADA

FOR ACPA

LETTER OF UNDERSTANDING NO 52

between
AIR CANADA
and
AIR CANADA PILOTS ASSOCIATION

- WORK SHARING -

Preamble:

The parties agree to implement Letter of Understanding No. 52 Work Share Program. The collective agreement will only be amended to give effect to the provisions of this LOU, which are set out as follows:

- L52.01 This LOU will become effective on January 1, 2002 and will terminate on December 31, 2002. The LOU may be extended by the Company for a further six (6) months until June 30, 2003 if the combined actual pilot block hours for the months of August, September, October and November, 2002 are **less** than ninety percent (90%) of the actual pilot block hours for the same period in the year 2000. The provisions of the current collective agreement will apply upon termination of this LOU.
- L52.02 Effective upon the ratification of this LOU, all furlough notices dated November 1st, 2001 and issued to pilots shall be rescinded. Scheduled furloughs, planned for December 03rd, 2001 will be delayed until the earlier of December 15th, 2001 or the ratification date of this LOU.
- L52.03 Following ratification (which shall be no later than December 15th, 2001) of this LOU the Company agrees not to issue any furlough notices and/or furlough any pilot on the Air Canada Pilots' System Seniority List for the term of this LOU.
- L52.04 The awarding of CMSC review 01-02 will be delayed and subsequently cancelled in the event this LOU is ratified, in which case, it will be replaced by CMSC review 01-03 which will be posted immediately and awarded upon ratification of this LOU. Bid 01-03 is attached to this LOU as appendix 'B'.
- L52.05 The following Appendices are attached to this LOU and, where applicable, shall have the same term as this LOU:
- L52.05.01 Appendix 'A' - Shrink Flex Agreement
 - L52.05.02 Appendix 'B' - Bid 01-03
 - L52.05.03 Appendix 'C' - Voluntary Block Reduction Program
 - L52.05.04 Appendix 'D' - Early Retirement Incentive Program
- L52.06 This agreement is without precedent or prejudice to the parties and shall not be used by the parties in any grievance or arbitration unrelated to this LOU.
- L52.07 The parties agree to jointly apply to HRDC under the E.I. Work Share Program. Should the parties be successful in their application, it is acknowledged that this benefit is subject to all EI rules and is dependant on the employee's eligibility for EI benefits.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this 2 day of ~~—December—~~, 2001.

For: Air Canada

For: Air Canada Pilots Association

LOU 52 – APPENDIX A – SHRINK FLEX

- L52-A.01 The Shrink Flex provisions of LOU 52 Appendix A will apply to all Air Canada pilots. Except where modified herein, the general flex provisions of the collective agreement will apply. All amendments shall only be applicable while Shrink Flex is in effect.
- L52-A.02 Shrink Flex is intended to minimize pilots being reduced from their present positions. Based on bid 01-03, the Company commits to post on subsequent bids for the duration of this LOU no fewer positions in the system on the B-767 and A319/320, and to not post additional surplus positions on the CL-65 and relief pilot positions. Positions for surplus pilots will be distributed in a fair and equitable manner with regard to crew complement. Any bids up to August 30, 2002 will contain no fewer WJ Captain status and WJ F/O status positions than posted on bid 01-03.
- L52-A.03 The amount of Shrink Flex in any given month will be X hours. The Company may designate the number of Shrink Flex hours (X) that will be applied in any given month. The value of X may be assigned in increments of one hour from zero (0) to a maximum value of five (5) hours.
- L52-A.04 For the purposes of legalities, during Shrink Flex all 85 hours and 90-hour limitations are reduced to $(85 - X)$ hours and $(90 - X)$ hours. Due to manual implementation requirements and only for the period between January to March 2002 block months, when X equals other than zero (0) in a block month, any administrative errors associated with the implementation of the X factor will not attract any pay claims.
- L52-A.05 Article 7.03 and 7.04: Within these provisions, reference to 78 hours will be replaced by $(78 - X)$.
- L52-A.06 Article 14.01.01: For the purposes of Aircraft Transition, Re-qualification, or Upgrade Training (ground school, simulator, flight training, and/or any necessary additional training) up to the point where the pilot is qualified to be released to the line indoctrination phase of training, a pilot will accrue the greater of the pay and/or flight credits according to the contract or 2:36 hours per day. To facilitate training, pilots on training may be planned to exceed the applicable DMM for the current month up to 80 hours, but hours accrued in excess of DMM for the current month will be placed in the pilot's bank.
- L52-A.07 Article 17.01.01 (and LOU 31): $(78 - X)$ hours of flying shall constitute the monthly maximum for all pilots other than the CL-65. However, except for the CL-65, the company may designate any month in the calendar year in which the monthly maximum may be in a range of $(78 - X) - 1$ to $(78 - X) + 2$ hours. This flying may be designated in units of one (1) hour or more up to the maximum of $(78 - X) + 2$ hours. For the CL-65 the monthly maximum may be in a range of $(80 - X)$ hour to $(80 - X) + 2$ hours, however in no case will the CL-65 exceed a DMM of 80 hours. The following provisions will apply to the designated months:
- L52-A.07.01 The Association will be given as much notice as possible of the increase/decrease and the designated monthly maximum will not be changed once the pairing package is issued.
- L52-A.07.02 The designated months may be applied by:
- L52-A.07.02.01
- L52-A.07.02.01.01 Equipment
- L52-A.07.02.01.02 Equipment by base
- L52-A.07.02.01.03 Equipment by status

L52-A.07.02.02

L52-A.07.02.02.01. Equipment by status may only be used when the total number of system line pilots is equal to or greater than the following levels (as of Bid 00-01).

Captain status - 997
F/O status - 1050

L52-A.07.02.02.02. The total number of system line pilots in the Captain and F/O status shall be determined as of December 31 annually using the most recent Pilot Position Assignment List.

L52-A.07.02.02.03. Should either number be greater than the numbers specified above then future determinations for use by status shall be from the new higher level(s).

L52-A.07.03 The designated months will be limited as follows:

L52-A.07.03.01 The calendar quarterly total maximum hours must fall in the range of 220:00 to 240:00 hours for each equipment type. The quarterly calendar shall be block months January to March, April to June, July to September, and October to December.

L52-A.07.03.02 The annual calendar total maximum hours must fall in the range of 900:00 to 946:00 hours for each equipment type. In no case will the annual totals between equipment (exclusive of the CL-65) exceed 25 hours. The CL-65 annual calendar total must fall in the range of 900:00 to 960:00 hours.

L52-A.07.03.03 The difference between the designated monthly maximum of the same equipment at different bases will not exceed two (2:00) hours. This maximum difference will also apply between Captains, First Officers, and Second Officers should 'Equipment by status' ever be utilized.

L52-A.07.04 The bank may not be debited to increase pay hours beyond the designated monthly maximum, or (78 - X) hours, whichever is greater, and will be paid for in the normal manner. Hours over (78 - X) hours or the designated monthly maximum, whichever is greater, will be deposited in the Bank. In a month designated less than (78 - X) hours any credit in the pilot's bank will be used to increase his flight time and credits up to a maximum of (78 - X) hours.

L52-A.07.05 MMG for both blockholders and reserve pilots with respect to hourly base pay, hourly, mileage and gross weight pay will be as per the following table:

DMM	LCC MMG Blockholder	LCC MMG Reserve
85	73	77
84	72	76
83	71	75
82	70	74
81	69	73
80	68	72

DMM	MMG for Blockholder	MMG for Reserve
80	68	72
79	67	71
77-78	66	70
76	65	69
75	64	68
72-74	63	67

L52-A.07.05.01 The Company may not designate hours greater than or less than seventy-eight (78) if any pilot is on furlough.

L52-A.07.06 DPG will be applicable as detailed in Article 17.10 except that:

- L52-A.07.06.01 for the CL-65, when the DMM is less than 80 hour, DPG will be the same as per a DMM of 80 hours.
- L52-A.07.06.02 for all other aircraft, when the DMM is less than 77 hours, DPG will be the same as per a DMM of 77 hours.
- L52-A.07.07 For each increase of one hour above 78 hours during designated months, the guarantees referred to in Article 10.02 for Overseas and Nav-aid pay, will be increased by thirty (30) minutes.
- L52-A.07.08 Pilots on flat salary will have their salary adjusted by a factor of $(80 - X) / 80$ for CL-65 pilots and $(78 - X) / 78$ for all other pilots. They will have an hourly rate established by dividing this applicable monthly rate by $(80 - X)$ for CL-65 pilots and $(78 - X)$ for all other pilots. This hourly rate will be paid for those hours flown in excess of $(80 - X)$ for CL-65 pilots and $(78 - X)$ for all other pilots.
- L52-A.07.09 Flight time limitations for training will be the greater of one thirtieth (1/30th) of the designated monthly maximum or 2:36 per day. Flight time limitations for leaves of absence will be one thirtieth (1/30th) of the designated monthly maximum.
- L52-A.08 Article 17.01.04: Notwithstanding the provisions of 17.01.01 and 17.01.02, a pilot holding a block selection but who has been subject to block growth, shall be legal to depart from his home base to complete his last flight or flight sequence in his block, provided his flying time has not reached the designated monthly maximum prior to commencing the last flight or flight sequence in his block, and provided he is not exceeding a total block projection of the designated monthly maximum plus seven (7:00) hours to a maximum of $(85.00 - X)$ hours and at pilot option to a maximum of $(90:00 - X)$ hours.
- L52-A.09 Article 17.02(a): Growth Flex will not be permitted while LOU 52 and Shrink Flex is in place.
- L52-A.10 Article 17.02(b): For the purposes of flex for unplanned aircraft acquisition, unplanned flying, training, or implementation of Shrink flex, increases on specific equipment may be permitted on a month by month basis with the consent of the Association up to a planned maximum of 80 hours. Any flight credits in excess of the DMM will be placed in the pilot's bank.
- L52-A.11 Article 17.06 and 17.07: For the purposes of monthly off duty periods for blockholders and reserves, these periods will be increased by six (6) hours for each one (1) hour reduction in DMM below seventy-seven (77) hours. This additional off duty period will be added in conjunction with a planned monthly off duty period.
- L52-A.12 Article 17.11 and SR 13: For the purposes of bank action, 78 hours shall be replaced by $(78 - X)$ hours.
- L52-A.13 Article 18.02.06: The provisions of Article 18.02.06 (vacation buyback) will not apply during the term of LOU 52 and Shrink Flex.
- L52-A.14 Article 21.08: When X is greater than zero (0), supervisory pilots (Permanent Management Pilots, Acting Check Pilots, and Acting Flight Instructors) may only avail themselves of open time after all block holders and reserves have been offered the open flying and after Step 1 of the drafting procedure.
- L52-A.15 Article 21.10: When X is greater than zero (0), there shall be no blocks awarded to Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors.
- L52-A.16 Article 21.17: ACPs and AFIs will be paid the greater of DMM or $(78:00 - X)$ hours ($\frac{1}{2}$ day, $\frac{1}{2}$ night) plus nav-aid and overseas pay if applicable.

- L52-A.17 Article 21.19: When X is greater than zero (0), the monthly override for the ACPs and AFIs will be reduced by a factor of $(78 - X) / 78$.
- L52-A.18 Article 21.21: ACPs and AFIs will be guaranteed a minimum of $36 + 0.75X$ days off per quarter (rounded up) and a minimum of $10 + 0.25X$ days off per month (rounded up).
- L52-A.19 Article 25.04.01: Bid 01-03 will post retirements up to December 31st, 2003. The training plan for CMSC Bid 01-01 and subsequent reviews as detailed in article 25.20.19 will not be published. For these reviews, the Company will publish a monthly training plan, 30 to 45 days prior to the block month on an ongoing basis. Notwithstanding this, pilots involved in a base transfer will be provided a transfer date within 60 days following the closing of the bid.
- L52-A.20 Article 25.09.02: Activation dates for Bid 01-03 will be established for those pilots who are awarded a position change on an associated bid award. The activation date will be based upon the relative percentage position held by the pilot on his newly awarded position. The date will be established as the earliest of:
- L52-A.20.01 Date of closing plus 4 months, for top 13%; OR
 - L52-A.20.02 Date of closing plus 6 months, for top 25%; OR
 - L52-A.20.03 Date of closing plus 8 months, for top 38%; OR
 - L52-A.20.04 Date of closing plus 10 months, for top 50%; OR
 - L52-A.20.05 Date of closing plus 12 months, for any pilot in the top 50% requesting delayed training; OR
 - L52-A.20.06 Date of closing plus 16 months, for top 63%; OR
 - L52-A.20.07 Date of closing plus 18 months, for top 75%; OR
 - L52-A.20.08 Date of closing plus 20 months, for top 88%; OR
 - L52-A.20.09 Date of closing plus 22 months, for top 100%; OR
 - L52-A.20.10 Date of closing plus 24 months, for any pilot in the top 100% requesting delayed training; OR
 - L52-A.20.11 On completion of a specific CMSC bid award, when more than 30% of the active pilots require training, the activation dates will be calculated as above plus two (2) months.
- L52-A.21 Article 26.03: In order to ensure the terms of this LOU do not adversely affect GDIP benefits, pilots placed on GDIP during the term of this LOU will have their monthly earnings calculated in accordance with the formula as defined in Article 26.03.03.06(a). In addition, for any months where the DMM is less than seventy-seven (77) hours in accordance with this LOU, the calculation of monthly earnings will be based on the greater of actual earnings or DMM of seventy-seven (77) hours.
- L52-A.22 Article 26.04: In order to ensure that the terms of this LOU do not adversely affect Pension benefits, monthly earnings for the purpose of calculating final average earnings for pension benefits shall be deemed to be the greater of the actual earning for the month, or monthly earnings $X 78 / (78-X)$.
- L52-A.23 Article 32.03 and 32.04: With respect to the calculation of furlough and severance pay, during Shrink Flex, in months with a DMM less than seventy eight (78) hours, a pilot will be assumed to have earned seventy eight (78) hours ($\frac{1}{2}$ day, $\frac{1}{2}$ night).
- L52-A.24 SR 16.01.02 and SR 16.06.01: Notwithstanding the provisions of SR 16.01.02 and SR 16.06.01, the 50% premium will not be cash cleared and will be placed in a pilot's bank.

- L52-A.25 LOU 45.04.04: When the first assigned reserve out of seniority (ROS) occurs above a seniority level of fifteen percent (15%) from the bottom of the eligible bidder list associated with a blocking solution, a rerun will be completed, where time permits, using a blocking window of DMM minus six (6) to DMM plus four (**4**). Based on sound economic principals and adequate reserve coverage, the PBSC members will determine which solution will be implemented. Failing agreement, the original run shall be implemented. Out of seniority awards to block or reserve (ROS/BOS) resulting from the application of agreed to PBS specifications shall not be considered under L45.06.
- L52-A.26 LOU 51.06: While LOU 52 and Shrink Flex is in effect, the number of LCC Captain positions created will be increased from 110 to 118 and the number of LCC First Officer positions will be increased from 100 to 108. These positions will be posted by Bid 02-01, provided LCC commences operation prior to the posting of Bid 02-01.
- L52-A.27 LOU 51.07: DMM will be reduced to (**85 – X**) on a monthly basis.
- L52-A.28 LOU 51.1 1: Monthly off duty periods for blockholders and reserves will be increased by six (6) hours for each one (1) hour reduction in DMM below eighty-five (**85**) hours. This additional off duty period will be added in conjunction with a planned monthly off duty period.
- L52-A.29 LOU 51.13: For the purposes of block growth, block growth between (**85 – X**) and (90 – **X**) is mandatory.
- L52-A.30 LOU 51.13.05: Exclusive of block growth, any flying in excess of (**85-X**) hours, at the time of assignment will be at pilot option.

LOU 52 –APPENDIX B – BID 01-03

As presented by the Company December 01, 2001.

LOU 52 – APPENDIX C – VOLUNTARY BLOCK REDUCTION PROGRAM (VBR)

- L52-C.01 A VBR month will consist of a PBS start credit up to DMM minus forty-five (45) hours. Pilots will be eligible for up to four (4) consecutive VBR months. Flying will be awarded in accordance with the pilot's bid preference and seniority
- L52-C.02 Pilots may not plan their block reduction under this program below any scheduled vacation and/or planned training in any VBR month.
- L52-C.03 A pilot who wishes to apply for a VBR must inform Crew Planning in writing not less than thirty (30) days prior to the commencement of the requested VBR month(s). Granting of the request will be subject to Company discretion and will be awarded to pilots on the basis of seniority and qualifications. Once granted, the VBR may only be cancelled by mutual agreement between the Company and ACPA. Extension of the VBR beyond the initial period will be at the discretion of the Company on a month-by-month basis.
- L52-C.04 A blockholder on VBR will not be subject to draft from home base. A blockholder on VBR will be on pay protection according to Article 11.12 except that the pilot will have no right to refuse pay protection.
- A pilot who is awarded a reserve block under this program will, at pilot's option, be given a short term leave of absence prorated to his VBR request and will have his MMG and number of days on reserve pro-rated according to the ratio of (DMM – start credit)/DMM. If a pilot elects not to accept a short term leave of absence he will be awarded a normal reserve block.
- L52-C.05 A pilot and the Company will continue to make pension and RCA contributions (as applicable) based on DMM for each month on a VBR. Corresponding FAE contributions will also be based on DMM for each VBR month. This provision is only applicable to pilots who have taken VBR for no more than four (4) aggregate months during the life of this program.
- Should the VBR extend beyond four (4) aggregate months, pensionable service will be prorated for the period of the VBR. A pilot who takes a VBR may elect to buy back service in respect of such period of leave up to an aggregate maximum of the life of this agreement. Such period of buyback service will be subject to approval of the Canada Customs and Revenue Agency (CCRA) and other government pension authorities. It is further agreed that such buyback service shall be permitted, provided it does not result in a cost to the Company. The Company and ACPA recognize that there are administrative, legal, and actuarial provisions within each pension plan and that such provisions may limit or preclude a full or partial buyback. In addition, the Company agrees to make its best effort to conform to the intent and provisions of the RCA as applicable. Accordingly, ACPA and the Company shall convene in order to address the specific parameters of the buyback as circumstances dictate.
- L52-C.06 For every month on a VBR vacation and holiday entitlement will be prorated accordingly.
- L52-C.07 A pilot's sick leave bank will be prorated for each month the pilot avails himself of this LOU.
- L52-C.08 For purposes of the GDIP program, a pilot's presumed salary for the months on a VBR will be the greater of a pilot's actual flying, the applicable equipment DMM, or the average presumed earning in the three block months prior to the VBR.
- L52-C.09 Pilots on a VBR will be eligible for their normal pass travel privileges.
- L52-C.10 The ability to apply for or extend a VBR will expire with the termination of LOU 52.

LOU 52 – APPENDIX D – EARLY RETIREMENT INCENTIVE PROGRAM

The Company and ACPA have agreed to a one time Voluntary Retirement Plan (VRP). The VRP provides for a monthly payment for those eligible pilots as an incentive to take earlier retirement.

Accordingly the parties agree to the following:

L52-D.01 This program has been designed to meet certain economic criteria defined by the Company and any awarding of a VRP shall be consistent with these criteria.

L52-D.02 Eligibility:

L52-D.02.01 Pilots who have reached a minimum of fifty (50) years of age as of the date of separation; and who have completed at least twenty-five (25) years of allowable service or who have age plus allowable service equal to eighty (80); and consistent with the early retirement eligibility requirements of the respective Pension Plan/Retiree Benefit rules.

L52-D.02.02 All participants must be on the active payroll as of January 01, 2002 and have a minimum of six months of active service remaining prior to mandatory retirement.

L52-D.02.03 All applications will be reviewed for eligibility, at the sole discretion of the Company, acceptance will be based on ability to reduce a surplus position identified by the Company on the pilot's currently qualified position.

Currently surplus positions are expected to exist on the following equipment and status:

B747 Captains and First Officers
B767 Captains
B737 Captains

The exact number of positions will be posted upon the release of this program and may be modified by the Company, as a result of operational requirements, at the time of award of the VRP.

If there are more applications than surplus positions, such applications will be approved in order of seniority.

L52-D.03 Once a VRP application has been approved and confirmed by the Company, it will be considered as final and cannot be rescinded by the pilot.

L52-D.04 All participants in the VRP will retire by January 01, 2002

L52-D.05 An Air Canada pilot, who is a member of the Air Canada Pension Plan – Pilots, retiring in 2002 under the VRP shall have his total pension, otherwise calculated under the Air Canada Pension Plan – Pilots and the Air Canada Pilots SERP, limited to a total pension based on Maximum Pension Units (MPUs) applicable in 2003 rather than MPUs applicable in 2002 except for a pilot who reaches Normal Retirement Date in 2002 for whom the 2002 MPUs shall be used.

An Air Canada pilot, who is a member of the Pension Plan for Pilots from the former Canadian Airlines International Ltd. ("CAIL Pilots Pension Plan"), retiring in 2002 under the VRP, shall have his total pension, otherwise calculated under the CAIL Pilots Pension Plan and the Supplemental Retirement Benefit, limited to a total pension based on a Maximum Pension Unit (MPU) of \$2,444 rather than a MPU of \$2,350 except for a pilot who reaches Normal Retirement Date in 2002 for whom the MPU of \$2,350 shall be used. Furthermore, this shall be without precedent or prejudice to the CAIL Pilots Pension Plan grievance presently being handled by ACPA.

For an Air Canada pilot who is age fifty-seven (57) or above on his retirement date, no early retirement reduction will apply to the total pension. No change to the early retirement reduction applies if the pilot is below age fifty-seven (57).

An Air Canada pilot, who is below age fifty-seven (57) on his retirement date, shall be entitled to a taxable monthly incentive payment for a period of ten (10) years or up to five (5) years beyond the normal retirement age of sixty (60) which ever is earlier. The monthly incentive payment will be in accordance with the following matrix:

- Six hundred dollars (\$600.00) a month until the pilot reaches age sixty (60);
- then three hundred dollars (\$300.00) a month for a further five (5) year; and
- the combination of the foregoing will never exceed the maximum period of ten (10) years of monthly incentive payments starting with the month in which the employee retires.

L52-D.06 No amendment will be made to the Air Canada Pension Plan – Pilots or to the CAIL Pilots Pension Plan; any additional benefit provided as per this Letter Of Understanding shall be paid directly from Air Canada general revenues.

L52-D.07 This LOU is subject to approval by the Air Canada Board of Directors and ratification of LOU 52 by the members of ACPA, the process of which will be concluded as soon as possible.

L52-D.08 It is agreed and understood that this LOU is for a specific and unique situation in the system and, as such, will not in any way prejudice ACPA or the Company's rights or position(s) in any other situations. Further, the company and ACPA agree this LOU will not be cited or used as precedent to cover other situations.

LETTER OF UNDERSTANDING NO. 53

**between
Air Canada
and
Air Canada Pilots Association**

Special Leave of Absence Program

Notwithstanding the provisions of Article 20 – Leave of Absence of the Collective Agreement, the Company and the Association agree to a Special Leave of Absence (SLOA) Program the provisions of which are incorporated into this Memorandum of Agreement.

- L53.01 Effective November 1, 2001, at the discretion of the Company, pilots may be granted SLOA's regardless of their years of service. The duration of the SLOA's may not go beyond December 31, 2006, unless otherwise agreed to by the Company and the Association. The provisions of Article 32 – Furlough and Severance will continue to apply to pilots on SLOA's and supercede the terms of this LOU.
- L53.02 A pilot shall have the right to apply for a SLOA at any time during the program by submitting a written application to his Chief Pilot with a copy to the Association, advising the reason for the SLOA.
- L53.03 Pilots on leave will not be forced to return to active duty prior to the conclusion of their approved SLOA. A pilot who wishes to terminate his SLOA early and return to active status shall be returned within 90 days of notifying the Company in writing that the pilot wishes to terminate the SLOA or in conjunction with the next CMSC review, whichever is earlier. Applicable training will be scheduled as soon as practicable and will not result in a move up of normal activation dates.
- L53.04 Notwithstanding the provisions of Article 20.05 of the Collective Agreement a pilot returning from a SLOA shall be returned in accordance with the provisions of Article 25.15.03.02 and 25.15.03.03. No pilot will be forced off a base as a direct result of a pilot returning from a SLOA who elects to assume a position awarded to a more junior pilot. Time on SLOA shall count for any freeze period a pilot may have under Article 25.
- L53.05 Notwithstanding the provisions of Article 22 – Seniority, a pilot shall continue to accrue seniority during the SLOA.
- L53.06 A pilot shall continue to accrue Company service during a SLOA. Pay progression through the salary scale will be frozen during a SLOA. Vacation credits will not accrue during the period of the pilot's Leave of Absence. In accordance with the provisions of Article 18.02, entitlement for vacation periods with pay for the calendar year following the Special Leave of Absence shall be prorated as a result of such leave. Any outstanding vacation not taken before the end of the vacation year (April) will be paid at the end of the vacation year.
- L53.07 Coverage under the Group Employee Benefit Programs excluding GDIP, for which the company pays the full cost of premiums shall continue during the period of the leave with the Company paying the full cost of the premiums. Coverage under the Group Employee Benefit Programs for which the pilot pays all or part of the cost of the premiums will be continued at the pilot's option. Pilots will be advised as to the cost and the procedure to follow should they elect to continue such coverage.
- L53.08 Pilots who become eligible for GDIP benefits following their return to active service from SLOA and who have not completed 3 full block months of active service following their return from SLOA, will have GDIP benefits calculated as if the pilot had not been on a SLOA.

- L53.09 A pilot who takes a SLOA may elect to buy back service in respect of such period of leave up to an aggregate maximum period of five (5) years. Such period of buyback service will be subject to approval of the Canada Customs and Revenue Agency (CCRA) and other government pension authorities. It is further agreed that such buyback service shall be permitted, provided it does not result in a cost to the Company. The Company and ACPA recognize that there are administrative, legal, and actuarial provisions within each pension plan and that such provisions may limit or preclude a full or partial buyback. In addition, the Company agrees to make its best effort to conform to the intent and provisions of the RCA as applicable. Accordingly, ACPA and the Company shall convene in order to address the specific parameters of the buyback as circumstances dictate.
- L53.10 Employees will be eligible for their normal travel privileges allowance. Tickets can be obtained through the Employee Call Center. Travel is permitted on Air Canada, Air Canada Subsidiaries and Tier 3 Carriers. However, employees shall not be eligible for travel privileges on other carriers due to Interline agreements. Employees shall be eligible to request Partner passes, as per Company policy. Usage of these passes is in accordance with normal travel privilege policy.
- L53.11 A pilot who commences this SLOA will have his sick bank decremented by one (1) day for each remaining month in the calendar year. A pilot on a Leave of Absence will not be credited with twelve (12) sick days at the beginning of the calendar year. A pilot returning from a Leave of Absence will have one (1) day deposited in his sick bank for each full month remaining in the calendar year.
- L53.12 A pilot requesting a SLOA who is within 90 days of completing his probationary period may request that his probation requirements be completed prior to the commencement of his planned SLOA. Requests must be submitted to his Chief Pilot in writing. Subject to scheduling and needs of the service, the Company will make its best effort to facilitate completion of all outstanding probationary requirements. Pilots with more than 90 days remaining in their probation period will have their probation frozen upon commencement of a SLOA and will complete the outstanding portion of their probation upon re-qualification following their return to active status.
- L53.13 A pilot on SLOA may be eligible for any early retirement packages that may be offered by the Company or agreed to by the Company and the Association during the leave of absence program.
- L53.14 Upon return from a SLOA a pilot's training pay shall be based on his daily average flying pay (plus any negotiated wage increase applicable during his SLOA) during the previous three (3) block months or reserve MMG, whichever was greater, prior to commencement of the leave.
- L53.15 Pilots on SLOA shall not have dues deducted during the leave. Deduction of union dues will resume when the pilot returns to active status following the leave.
- L53.16 If a pairing overlaps into the month of the commencement of the leave, at pilot option that pairing may be dropped no credit.
- L53.17 Given that ACPA wishes to reserve all of its legal rights and recourses regarding the Air Norterra situation, any pilot electing to fly with Air Norterra under this SLOA may do so only with ACPA consent.

It is agreed and understood that this MOA is for a specific and unique situation and, as such, will not in any way prejudice the Association or the Company's right or position(s) in any other situation. Further, the Company and the Association agree this MOA will not be cited or used as a precedent to cover other situations.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Agreement this _____ day of October, 2001.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 54

between
AIR CANADA
and
AIR CANADA PILOTS ASSOCIATION

SPECIAL SPORT AND BUSINESS CHARTER PROGRAM

Air Canada and the Air Canada Pilots Association have agreed to the following conditions to permit the parties to operate a Special Sport and Business Charter (SSBC) Program. All provisions of the Collective Agreement shall apply to pilots operating flights under the SSBC unless otherwise amended by this LOU.

- L54.01 The SSBC may operate up to 4-B737(200) aircraft configured for sport and business charters. The operations may entail both planned and ad hoc routings. If the B737 fleet is taken out of service, the Company can substitute up to 4-A319 aircraft for this operation. These aircraft will be configured with only business class or first class seating to a maximum of 60 seats.
- L54.02 **Blocks** – Initially 3 assignments of two block month's duration will be awarded. Blocks will include both planned SSBC operations and reserve SSBC duty periods. All known flying will be blocked and will be distributed equitably via a canned blocking system. Within each month of the block, the partial reserve assignment will consist of one or two groups of consecutive days whose combined duration will equal: $(30 \times \{\text{DMM-blocked hours for month}\} / \text{DMM}, \text{rounded down})$. Within this period of partial reserve assignment, all normal pro-rata reserve rules will apply. Any transition between reserve and block periods under this LOU will be treated the same as any transition between reserve and block months under normal contract rules. Notwithstanding this, any reserve days off that cannot be taken shall be replaced at the start of the next reserve period. In the event the next block month is a PBS block, reserve days off in the last reserve period that cannot be replaced will be credited to the pilot's bank at 1/30th DMM for each day or part thereof. Any pilot who is awarded an SSBC block and has overlap flying into the SSBC block month must drop/no credit the overlap flying and will be permitted to go on make-up in the current block month. There will be no bank action going into a SSBC block but there will be normal bank action coming out of an SSBC block.
- L54.03 **Bidding** - SSBC assignments with two block months will be available on or before the 15th of the month or the length of the longest pairing plus 2 days prior to the closing of the PBS blocks whichever is earlier, and will close at least 2 days prior to the close of PBS blocks. Pilots will submit a manual bid to operate the SSBC assignments and will be assigned on the basis of seniority. In the event there are insufficient pilots bidding the blocks, pilots will be assigned according to reverse seniority.
- L54.04 **Dedicated Crewing** – Crews bidding SSBC blocks will only fly SSBC operations during both blocked and reserve periods. In the event these dedicated crews are unavailable for either planned pairings or reserve coverage, the Crew Scheduling Department may assign SSBC flying to mainline pilots. Any SSBC flying done by non-dedicated crews will be in accordance with the normal provisions of the collective agreement.
- L54.05 **Duty Periods for Dedicated SSBC crews** – The Company may be required to plan duty periods consistent with the unique operations associated with SSBC. In these situations the following parameters may be planned:
- L54.05.01 Duty period between 05:00 and 16:59 will not be limited by the 1st landing after 02:00 that would normally terminate the duty period.

- L54.05.02 Duty periods commencing between 17:00 and 04:59 shall be limited to 12 hours and 2 legs. A 3rd leg may be operated at pilot option for operational irregularities (such as an unplanned fuel stop / curfew).
- L54.05.03 In the event of operational delays these duty periods may be extended by 1 hour. At pilot option this may be further extended by 1 additional hour.

Each minute of duty time in excess of the normal contract flight duty period limitations will attract an additional one minute flight time credit.

- L54.06 **Pay** – Dedicated SSBC pilots will be paid the greater of the actual flying performed or the applicable mainline aircraft DMM (½ day ½ night) rate.

- L54.07 Any SSBC flying that replaces mainline flying, is inconsistent with Section 1 of this LOU, or is outside Canada and the continental U.S. will be done in accordance with the normal provisions of the collective agreement.

- L54.08 This LOU shall remain in effect until April 1, 2004. Either the Company or the Association may serve notice no earlier than six (6) months following the commencement of the operation to modify Section 2 of this LOU. If no agreement is reached to amend any proposed changes to Section 2, either party can submit the matter to the following med-arb procedure.

- L54.08.01 At any time following a notice to amend Section 2 of this LOU either the Company or the Association can serve notice to refer a dispute under this procedure to mediation/arbitration. Within 15 calendar days of serving the notice, the parties shall select a mediator/arbitrator. If the parties are unable to agree on a mediator/arbitrator during this period, or a later date as agreed by the parties, either party may request the Minister of Labour to appoint a mediator/arbitrator to resolve the dispute.

- L54.08.02 The mediation/arbitration proceeding will commence no later than fourteen calendar (14) days, or such later time as may be mutually agreed, following the selection or appointment of the mediator/arbitrator.

- L54.08.03 The arbitrator's decision will be final and binding on the parties and the costs of the arbitrator will be shared equally between the parties.

- L54.09 In the event that the terms and the conditions of this LOU do not address the SSBC program in a manner which is economical, the Company may operate all SSBC flying under normal contractual provisions in which case the terms of this LOU will not be in force. The Company may exercise this option only once during the term of this LOU.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this _____ day of October, 2001.

FOR AIR CANADA

FOR AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 55

**between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION**

VOLUNTARY BLOCK REDUCTION PROGRAM

In conjunction with LOU 52, the Company and ACPA have agreed to a Voluntary Block Reduction (VBR) Program as follows:

- L55.01 A VBR month will consist of a PBS start credit up to DMM minus forty-five (45) hours. Pilots will be eligible for up to four **(4)** consecutive VBR months. Flying will be awarded in accordance with the pilot's bid preference and seniority.
- L55.02 Pilots may not plan their VBR block to be less than any scheduled vacation and/or planned transition/upgrade training credits.
- L55.03 A pilot who wishes to apply for a VBR must inform Crew Planning in writing, not less than thirty (30) days prior to the commencement of the requested VBR month(s). Granting of the request will be subject to company discretion and will be awarded to pilots on the basis of seniority and qualifications. Once granted, the VBR may only be cancelled by mutual agreement between the Company and ACPA. Extension of the VBR beyond the initial period will be at the discretion of the Company, on a month-by-month basis.
- L55.04 A blockholder on VBR will not be subject to draft from home base. He will operate his PBS awarded pairings and will be paid for the actual hours flown. A pilot on a VBR will not attract draft premiums or any other premiums. A blockholder who loses flying may avail himself of the provision of SR8. A pilot who is awarded a reserve block under this program, will at pilot's option be given a short term Leave of Absence prorated to his VBR request and will have his MMG prorated accordingly.
- L55.05 Pensionable service will be prorated for the period of the VBR. A pilot who takes a VBR may elect to buy back service in respect of such period of leave up to an aggregate maximum period of two (2) years. Such period of buyback service will be subject to approval of the Canada Customs and Revenue Agency (CCRA) and other government pension authorities. It is further agreed that such buyback service shall be permitted, provided it does not result in a cost to the Company. The Company and ACPA recognize that there are administrative, legal, and actuarial provisions within each pension plan and that such provisions may limit or preclude a full or partial buyback. In addition, the Company agrees to make its best effort to conform to the intent and provisions of the RCA as applicable. Accordingly, ACPA and the Company shall convene in order to address the specific parameters of the buyback as circumstances dictate.
- L55.06 For every month on a VBR, vacation entitlement and the pilot's sick leave bank will be prorated accordingly.
- L55.07 For purposes of the GDIP program, a pilot's presumed salary for the months on a VBR will be the greater of the pilot's actual flying or the applicable equipment DMM or the average presumed earnings in the three block month prior to the VBR.
- L55.08 Pilots on a VBR will be eligible for their normal pass travel privileges.

L55.09 **It** is agreed and understood that this Memorandum is for a specific and unique situation and, as such, will not in any prejudice the Association or Company's rights or position(s) in any other situations. Further, the Company and ACPA agree this Memorandum will not be cited or used as precedent to cover other situations.

L55.10 This LOU will expire with the termination of LOU 52.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this _____ day of November, 2001.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 57
between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

Re: Pay Rates for Aircraft between 76 and 110 Seats Inclusive

In accordance with Article 13.01 of the collective agreement, the parties agree that the following rates of pay for aircraft with a maximum certified seating capacity between 76 and 110 seats inclusive will apply upon introduction of the new equipment to the airline operations:

TABLE – Rates of Pay for Aircraft with a Maximum Certified Seating Capacity Between 76 and 110 seats inclusive*

		End Hourly Rate
Capt.	12 years	134.57
	11 years	132.24
	10 years	129.96
	9 years	127.63
	8 years	125.32
	7 years	122.88
	6 years	120.63
	5 years	118.22
	4 years	115.98
3 years	113.64	
FO	10 years	81.92
	9 years	78.74
	8 years	75.59
	7 years	72.30
	6 years	69.21
	5 years	65.95
	4 years	62.87
3 years	59.68	

* The above rates of pay will not be eligible for any wage recovery through process for productivity improvements substitution under the Memorandum of Agreement dated June 17, 2003.

Signed this 17th, day of June, 2003.

FOR AIR CANADA

FOR ACPA

LETTER OF UNDERSTANDING 59

**between
Air Canada
and
Air Canada Pilots Association**

Special Leave of Absence Program

Notwithstanding the provisions of Article 20 – Leave of Absence of the Collective Agreement, the Company and the Association agree to a Special Leave of Absence (SLOA) Program the provisions of which are as follows.

- L59.01 Effective June 1, 2003, at the discretion of the Company, pilots may be granted a SLOA. The duration of the SLOA's may not go beyond May 31, 2008, unless otherwise agreed to by the Company and the Association.
- L59.02 A pilot shall have the right to apply for a SLOA at any time during the program by submitting a written application to his Chief Pilot with a copy to the Association, advising the reason for the SLOA.
- L59.03 Should a pilot on a SLOA subsequently be furloughed, the provisions of Article 32 – Furlough and Severance will apply to pilots on SLOA's and will supercede the terms of this LOU.
- L59.04 Benefit coverage for pilots on SLOA will be in accordance with Company Leave Policy for employees on leave at the time the leave commences. Coordination of benefits will not be provided to pilots on SLOA's.
- L59.05 Employees will be eligible for personal and dependant travel privileges on Air Canada services only.
- L59.06 Requests to return early from a SLOA may be considered at Company discretion.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Agreement this _____ day of June 2003.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 61

**Between
Air Canada
And
Air Canada Pilots Association**

Reinstatement Rights

The following changes will be made to the reinstatement rights (RIR) in Article 25.08.

- L61.01 All active RIRs with an expiry date of December 05th 2003 or later will have a revised expiry date of December 31st 2005.
- L61.02 Any new RIR arising from Bid 04-01 or later will have a 30 (thirty) month duration. Article 25.08.01 and 25.08.02 will be amended to reflect a 30 (thirty) month duration.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Agreement this _____ day of June 2003.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

LETTER OF ANDING NO. 62

between

AIR CANADA

and

AIR CANADA PILOTS ASSOCIATION

RE: ADDITION OF TWO A340-500 AIRCRAFT (FIN #s 951 & 952) TO THE MAINLINE FLEET

WHEREAS Air Canada may take delivery of two A340-500 aircraft in May / June, 2004; and

WHEREAS the parties desire to resolve all outstanding issues related to the introduction of these aircraft.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

- L62.01 Increases in the rates of pay for the A330/340 affected by the introduction of the new aircraft shall be determined by mediation/arbitration to be conducted by Martin Teplitsky Q.C.

- L62.02 The crew rest facilities for the new aircraft will be as follows:
 - L62.02.01 The Company will install, at the earlier of the first "C01" check but not later than nineteen (19) months following delivery of each aircraft, a pilot aft crew rest facility materially the same as the pilot aft crew rest facility planned for the A340-600.
 - L62.02.02 In addition to the pilot crew rest facilities that are currently configured on the new aircraft, and until the pilot aft crew rest bunk is installed, one J-class seat will be provided on augmented flights where required under the provisions of the collective agreement.
 - L62.02.03 After the pilot aft crew rest facility is installed, one J-Class seat, as defined in LOC 41, will be provided on augmented flights where required under the provisions of the collective agreement.
 - L62.02.04 Air Canada agrees to take reasonable steps to; reduce random galley noise, deal with noise attenuation problems, and widening the lower berth associated with the front pilot crew rest area. Air Canada also agrees to take reasonable steps to deal with any humidity concerns in the cockpit and pilot crew rest facilities.
 - L62.02.05 The Company will make best efforts to ensure that the proper provisioning of necessary linens and pillows is available on the aircraft.

- L62.03 The following provisions shall apply for the period from the delivery of the first A340-500 aircraft until the earlier of the end of the Feb 2005 block month or the training required to man the additional aircraft is complete:
 - L62.03.01 The monthly hours on the A330/340 fleet will be permitted to increase to maximum of:

	DMM	Max Planned M/U Draft or Reserve	Maximum Planned Mandatory Block Projection
Delivery of 1 st aircraft	86	88	90
	87	88	90
	88	88	90
Delivery of 2 nd aircraft	89	89	92
	90	90	93

- L62.03.03 The PBS committee will not open the DMM blocking window above 90 hours.
- L62.03.04 When DMM exceeds 85 hours, overtime will be paid above DMM.
- L62.03.05 Any hours in excess of 90 hours will be placed in the pilot's bank.
- L62.03.06 Any bank action for start credits (except that associated with vacation) will be at company discretion based on needs and supply and no mandatory bank action will be required for hours over twenty. Bank action at month end to top up DMM will continue as normal. Upon completion of this training period any bank time in excess of twenty hours, for the purpose of start credit, will be reduced proportionally over a period of six months.
- L62.04 The implementation of this LOU is subject to the following:
- L62.04.01 The availability of these aircraft.
- L62.04.02 The acquisition of these aircraft is also subject to the following approvals:
- L62.04.02.01 Court approval under CCAA.
- L62.04.02.02 Court appointed Monitor.
- L62.04.02.03 Trinity Time investments.
- L62.04.02.04 Air Canada Board of Directors.
- L62.04.03 Ratification by the pilots.
- L62.05 It is understood that the above noted changes are exceptions to the provisions of the current collective agreement and are only amended to give effect to the terms contained herein. All other provisions of the collective agreement will apply for all other conditions.
- L62.06 Any issues of application, interpretation or implementation of this LOU shall be referred to Martin Teplitsky, Q.C. as mediator/arbitrator for resolution.

IN WITNESS WHEREOF, the parties have signed this Memorandum of Agreement this 4th day of March 2004.

FOR AIR CANADA

FOR AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING NO. 63

**Between
Air Canada
And
Air Canada Pilots Association**

Position Group (PG)

This Letter of Understanding outlines pay and training parameters as they relate to Embraer 170/190 First Officer, CRJ First Officer, B767 Relief Pilot, A340 Relief Pilot and B747 Relief Pilot, pilot positions within the Position Group.

L63.01 The Position Group includes the following:

- L63.01.01 CL-65 First Officer
- L63.01.02 E-170/190 First Officer
- L63.01.03 B-767 Relief Pilot
- L63.01.04 B-787 Relief Pilot
- L63.01.05 A-340 Relief Pilot
- L63.01.06 B-777 Relief Pilot
- L63.01.07 B-747 Relief Pilot

L63.02 Unless otherwise indicated, the provisions of this LOU will only apply to those pilots who, as of June 1, 2004, are:

- L63.02.01 surplus under the provisions of Article 25 and will not be furloughed prior to the posting of Equipment Bid 04-01; or
- L63.02.02 currently furloughed as at June 1, 2004 and will be recalled in future; or,
- L63.02.03 future new hire pilots.

L63.03 Position Group Freeze:

- L63.03.01 Pilots may be frozen from the award to any other position within the Position Group on their awarded base. This shall be known as the Position Group freeze.
- L63.03.02 The Company may release pilots from the Position Group Freeze based on consistent economic principles with due regard to seniority. Pilots released by the Company from the Position Group Freeze will not be frozen from the award to a position higher than the Position Group positions.
- L63.03.03 Reinstatement Rights will override the Position Group Freeze.
- L63.03.04 Notwithstanding the Position Group Freeze, five (5) years after being awarded to an equipment status in the Position Group, a pilot will be permitted to move to another equipment status within the Position Group, but may be frozen from the award to any other position for a period of thirty (30) months.
- L63.03.05 Recall and new hire pilots will enter the Company via a position in the Position Group.
- L63.03.06 Unless otherwise amended by the provisions of the Position Group, all provisions of Article 25 will apply.

L63.04 Position Group Pay

L63.04.01 Pilots in the Position Group will be part of a wage pool. The wage pool will be used to develop a common day and night Position Group pay rate across a seniority range of 12 years. 92% of Overseas pay on the 767 and A340 RP positions, and 5% Overseas and Nav-aid pay on the A320 will be rolled into the wage pool to determine the Position Group pay rates. RP pilots in year three (3) of service will no longer be on flat salary and will be paid at the year three (3) Position Group hourly rate. The maximum year three (3) monthly flat salary divided by 78 will be used as the RP pay rate to determine the Position Group year three (3) hourly rate.

L63.04.02 For the first six months of this LOU, the Position Group pay rate will be pro-rated based on the number of QPOS pilots in each Position Group position and will be recalculated bi-monthly. Either the Company or the Association may require that the method of calculation be changed during this trial period.

Note: The method of calculation of the payroll for pilots in the Position Group shall be such that the total payroll for all pilots within the Position Group will be cost neutral and no less than what the payroll of all positions within the Position Group would have been without the implementation of the Position Group.

L63.04.03 Based on the following number of QPOS positions in the wage pool, the Position Group pay rates will be in accordance with the following table for the period commencing July 2nd, 2004, and ending August 30th, 2004:

QPOS	#
A340 RP	12
B767 RP	12
CRJ FO	94
EMB FO	0
A320 FO	51
LCC FO	14
Total	183

Position Group Pay Rate			
Year	Day	Night	½ day, ½ night
3	60.36	64.21	62.29
4	66.73	71.86	69.30
5	69.92	75.24	72.58
6	73.23	78.75	75.99
7	76.43	82.14	79.29
8	79.75	85.66	82.71
9	82.99	89.09	86.04
10	86.25	92.54	89.40
11	87.51	93.78	90.65
12	88.79	95.08	91.94

L63.05 Position Group Implementation Provisions:

L63.05.01 **Definitions:** For the purposes of implementing the provisions of this LOU the following definitions shall apply.

L63.05.01.01 Group A Pilots: **All** surplus pilots subsequent to Equipment Bid 03-02 and not furloughed prior to Bid 04-01.

L63.05.01.02 Group B Pilots: All pilots holding APOS or QPOS CL-65 First Officer, and who are not surplus prior to Equipment Bid 04-01.

L63.05.01.03 Group C Pilots: All other pilots not included in either Group A or Group B.

L63.05.02 implementation:

L63.05.02.01 A Group **A** pilot that is QPOS A320 FO or QPOS LCC FO will be part of the Position Group until such time as the pilot is trained or pay activated to a position higher than those positions contained in the Position Group as a result of an award on Equipment Bid 04-01, or subsequent bids. A Group A pilot that is QPOS A320 FO or QPOS LCC FO who is awarded an A320 FO or LCC FO position, shall remain in the Position Group for an additional 8 months after the award, at which time the pilot shall be paid at rates of the qualified position.

L63.05.02.02 Pilots who are QPOS YWG A320 First Officers and who are Group A or B pilots, will be transferred after 90 days from the closing of Bid 04-01 to their newly awarded base to **fly** their Qualified Equipment and Status until trained.

L63.05.02.03 A Group B Pilot will be part of the Position Group wage pool until such time as the pilot is trained or pay activated to a position with a higher pay rate than that of the Position Group wage pool. A Group **B** Pilot that is shown as APOS CL-65 First Officer prior to Bid 04-01, and who was never trained to the CL-65 First Officer position, and who on a subsequent bid, is awarded the equipment status in which the pilot is currently qualified, will remain in the Position Group for an additional 8 months after the award, at which time the pilot shall be paid at the rates of the qualified position.

L63.05.02.04 Group B or C Pilots will be temporarily a part of the Position Group wage pool at any time the Position Group pay rate is greater than the pay rate for the position of a Group B or C pilot.

L63.05.02.05 Pilots who are on a Leave of Absence, and who were subsequently furloughed will be considered as recall pilots for the purposes of the Position Group. Such pilots, after exhausting their recall bypass option, and who subsequently request a Leave of Absence, will be assigned a position in the Position Group as a recall pilot prior to being returned to a Leave of Absence. This position shall be the "awarded position at his Designated Base at the time such leave began as entitled by his seniority" for the purpose of Article 25.15.03.02, and shall determine his designated base for the purposes of Article 25.15.03.02 & .03.

L63.05.03 Position Group Implementation Freeze:

L63.05.03.01 The new hire provisions in Article 25.17 will be deleted.

- L63.05.03.02 Group B and C Pilots will not be subject to the Position Group freeze, but will be subject to normal Article 25 freezes.
- L63.05.03.03 Assignment of a recall pilot to a Position Group position will be subject to a return to work protocol as established by the Association and the Company.
- L63.05.03.04 New hire pilots will be assigned positions within the Position Group as determined by the Company.
- L63.05.04 **Reactivation of Group "A" Pilots:**
- L63.05.04.01 Notwithstanding the provisions of Article 25 the parties agree to the following provisions to assist in reactivating all Group "A" Pilots on Bid 04-01.
- L63.05.04.02 On bid 04-01, Group A pilots will be protected on their designated base in accordance with the provisions of Article 25.07.01.02. Pilots with a RIR to a position on that base, or pilots moving on a reduction under Article 25.07.02.05, 25.07.02.07, and 25.07.02.08, will have access to the base ahead of Group A Pilots.
- L63.05.04.03 All Group A Pilots will be deemed active, and their SPB will be utilized for the purposes of Equipment Bid 04-01. All YYZ & YUL surplus pilots will be returned to their designated base and will bid from the CL-65 F/O position. Group A Pilots from YVR & YWG bases will bid from the YYZ CL-65 F/O position and will be granted RIR's to the lowest position in the First Officer and Second Officer/Relief Pilot status on their designated base. All RIR's granted to Group A Pilots will be removed upon return to their designated base.
- L63.05.04.04 CL-65 F/O positions on Equipment Bid 04-01 in YYZ and YUL may be adjusted to allow all original YYZ and YUL Group A Pilots to return to their designated base and to allow Group A Pilots from other bases unable to return to their designated base the option of a paid move to either YYZ or YUL.
- L63.05.04.05 Should Group A Pilots be unable to return to their designated base on Bid 04-01, their RIR's will be valid until December 31, 2005. However, the base protection under Article 25.07.01.02 would no longer apply.
- L63.05.04.06 Group B & C pilots who previously were forced from their base on Bid 03-01 or Bid 03-02 will acquire any RIR's given to a Group A pilot.
- L63.05.04.07 All Pilots who are inactive due to Leave of Absence may elect to change their base designation as a result of a previous RIR in accordance with article 25.08.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this _____ day of _____, 2004.

AIR CANADA

AIR CANADA PILOTS ASSOCIATION

TER OF UNDERSTANDING 64

Between

AIR CANADA

And

AIR CANADA PILOTS ASSOCIATION

WHEREAS there is a dispute between the Company and the Association regarding the rates of pay for the Embraer 170/175 & 190 aircraft; and

WHEREAS the Company would like to take delivery of Embraer aircraft configured without ovens; and

WHEREAS the Company would like to have Jazz take delivery of the 15 CRJ/705 aircraft detailed in the March 4, 2004 Jets Settlement Agreement configured with 75 seats; and

WHEREAS the parties desire to resolve all of these issues.

THEREFORE the parties will agree as follows:

- L64.01 The Company and the Association agree that the rates of pay for all Embraer 170/175/190 shall be as set out in ***LOU 57 – Pay Rates for Aircraft between 76 and 110 seats Inclusive.***
- L64.02 The Company and the Association agree that if the Embraer aircraft are delivered to Air Canada without ovens, the following provisions shall apply.
- L64.02.01 In place of a 'hot meal' required under Article 16.04, an appropriate 'cold' meal approved by MASC shall be supplied to pilots.
- L64.02.02 If a disagreement arises as to the composition of an appropriate 'cold' meal, and should MASC be unable to resolve the dispute, it will be submitted to arbitrator Martin Teplitsky for expedited arbitration in accordance with Article 30.12. Should arbitrator Teplitsky not be available within the timeframe specified in Article 30.12, an arbitrator shall be determined in accordance with Article 30.12.02. Notwithstanding the provisions of Article 30.12.10, any award issued by the arbitrator shall be with prejudice for the Embraer fleet and continue in effect until it is changed by the parties. The submission of the dispute to this dispute resolution mechanism shall be without precedent for any other meal dispute.
- L64.02.03 If ovens are installed in any of the Embraer aircraft, 'hot' meals will be provided to pilots on the aircraft so equipped in accordance with the applicable provisions of the collective agreement.
- L64.03 The Association will agree, on a without prejudice and precedent basis, to permit Air Canada to take delivery of the 15 CRJ/705 aircraft described in paragraph 4 of the March 4, 2004 Jets Settlement Agreement configured at a maximum of 75 seats inclusive of all classes. Paragraph 4 of the Jets Settlement Agreement is amended only to give effect to this provision.
- L64.04 The parties agree that this LOU will require ratification by the pilots.

IN WITNESS WHEREOF, the parties hereto have signed this Letter of Understanding this 11th day of November, 2004.

AIR CANADA

AIR CANADA PILOTS ASSOCIATION

LETTER OF UNDERSTANDING 65

Between

AIR CANADA

And

AIR CANADA PILOTS ASSOCIATION

Acquisition of Boeing 777 and 787 aircraft

WHEREAS the Company has ordered B777 and B787 aircraft in order to introduce them into its fleet;

WHEREAS the Association and the Company agreed to submit the rates of compensation, rules and working conditions for the new equipment to Mr. Morton Mitchnick, who issued his Mediator's Report on June 9, 2005:

WHEREAS the Tentative Agreement between the Company and the Association to adopt the Mediator's Report was not ratified by the Association's membership;

WHEREAS the Company and the Association agreed to submit the rates of compensation, rules and working conditions for the new equipment to binding arbitration by Mr. Martin Teplitsky who issued his award on October 31, 2005;

THEREFORE, the parties have incorporated Mr. Teplitsky's award into the Collective Agreement as follows:

IN THE MATTER OF AN ARBITRATION

B E T W E E N :

AIR CANADA

- and -

AIR CANADA PILOTS ASSOCIATION (“ACPA”)

- B777 and B787 Aircraft

Martin Teplitsky, Q.C.
Arbitrator

(Excerpt):

..

It is my award, that subject to my retaining jurisdiction to adjust the timetable on Ultra Long Haul Flying, the terms of the tentative agreement are my award on the matters in issue before me.

I will remain seized pending implementation of this award.

DATED the 31st day of October, 2005.

Martin Teplitsky, Q.C.
Arbitrator

IN THE MATTER OF A DISPUTE UNDER ARTICLE 13.1 OF THE COLLECTIVE AGREEMENT

Between

AIR CANADA PILOTS' ASSOCIATION

and

AIR CANADA

Re: Acquisition of Boeing 777 and 787's

MEDIATOR'S REPORT

This matter has proceeded before me through 8 days of mediation. The agreed-upon items are attached as Appendix A, and form part of this Report. There are two unresolved issues that remain: Pay rate, and the maximum compensation that Air Canada may endeavour to recover in the event that subsequent to the type-trial, as detailed in the double augmentation agreement, ACPA elects to require a "J" class seat in the "J" cabin in addition to the two seats in the crew rest facilities on the B777 and B787 subsequent to the type-trial. Having received the parties' formal submissions on those two remaining issues, my recommendations for completion of the parties' agreement are as follows.

1) The Pay Rates

Hourly Base Pay	12th year	32.30	32.30
Hourly Pay	(B747)	78.21	101.98
Mileage Pay	540 knots (maximum design)	44.43	44.43
Gross Weight Pay	732,000 pounds	60.22	60.22
End Hourly Rate		215.16	238.93

B787 (Captains)

		Day	Night
Hourly Base Pay	12th year	32.30	32.30
Hourly Pay	(A340)	78.21	101.98
Mileage Pay	540 knots (maximum design)	44.43	44.43
Gross Weight Pay	417,000 pounds (average taxi weight expected)	34.31	34.31
End Hourly Rate		189.25	213.02

2) The J-Class Seat

Based on the theory presented, I fix the maximum amount of compensation for the company's net **loss**, in the event the J- class option is taken up by ACPA, at \$4.5 million in any one year. In saying that, it should be noted that the issue before me is solely the maximum "ask" that the company is permitted to make: I have received no evidence with respect to the company's net **loss**, and make no findings in that regard.

Dated at Ottawa this 9th day of June, 2005.

"M.G. Mitchnick"
Mediator

Appendix A

L65.01 Equipment/Status Ratings

Article 25 will be amended as follows:

25.01.02

For the purpose of Article 25, equipment and status shall be rated in the following order regardless of base:

1	B-747/400 Captain	<u>15</u>	<u>B-787 First Officer</u>
2	B-747 Captain	<u>16</u>	B-767 First Officer
3	<u>B-777 Captain</u>	<u>17</u>	CL-65 Captain
4	A-330/340 Captain	<u>18</u>	A-319/320/321 First Officer
5	<u>B-787 Captain</u>	<u>19</u>	B-737 First Officer
6	B-767 Captain	<u>20</u>	DC-9 First Officer
7	A-319/320/321 Captain	<u>21</u>	EMJ-170/175/190 First Officer
8	B-737 Captain	<u>22</u>	B-747 Second Officer
9	DC-9 Captain	<u>23</u>	B-747/400 Relief Pilot
<u>10</u>	EMJ-170/175/190 Captain	<u>24</u>	<u>B-777 Relief Pilot</u>
<u>11</u>	B-747/400 First Officer	<u>25</u>	A-330/340 Relief Pilot
<u>12</u>	B-747 First Officer	<u>26</u>	<u>B787 Relief Pilot</u>
<u>13</u>	<u>B-777 First Officer</u>	<u>27</u>	B-767 Relief Pilot
<u>14</u>	A330/340 First Officer	<u>28</u>	CL-65 First Officer

L65.02 Relief Pilot Positions

L65.02.01 The B777 R/P and B787 RIP positions will be included in the Position Group (PG) LOU on the understanding that the formula pay for pilots in the PG will be based on the number of pilots in QPOS positions within the PG including the B777 & B787 R/P positions. It is understood that any new hires in the B777 R/P and B787 R/P positions will be paid flat salary rates as detailed in Article 3.01. It is further understood that the provisions of Article 25.17.04 will continue to apply such that any B777 R/P and B787 R/P positions intended for new hire postings must first be offered to active time pilots during a bid award prior to being filled by new hire pilots and these pilots will be paid the applicable B777 R/P and B787 R/P rates.

L65.02.02 LOU63 will be amended as follows:

L63.01 The Position Group includes the following:

L63.01.01	CL-65 First Officer
L63.01.02	E-170/190 First Officer
L63.01.03	B-767 Relief Pilot
<u>L63.01.04</u>	<u>B-787 Relief Pilot</u>
<u>L63.01.05</u>	<u>A-340 Relief Pilot</u>
<u>L63.01.06</u>	<u>B-777 Relief Pilot</u>
<u>L63.01.07</u>	<u>B-747 Relief Pilot</u>

..

L65.03 Extra Hours – Widebody Aircraft (B767, A330/340, B777 & 8787)

L65.03.01

L65.03.01.01

DMM	Max Planned M/U Draft or Reserve	Maximum Planned Mandatory Block Projection
86	88	90
87	88	90
88	88	90
89	89	92

L65.03.01.02

L65.03.01.03 For any position on Wide Body equipment, the DMM may exceed 85 hours for up to 4 block months per calendar year. In no case may all 4 block months be used consecutively by position.

L65.03.01.04 The PBS committee will not open the DMM blocking window above 90 hours.

L65.03.01.05 In any month where a pilot's flight time credits exceed 85 hours, those hours in excess of 85 hours, less any credits applied from the pilots bank will attract a 50% premium, which will be cash cleared as per Article 7.14.

L65.03.01.06 When the DMM is over 85 hours, any hours in excess of 89 hours will be placed in the pilot's bank.

L65.03.01.07 For a maximum of 6 months per calendar year, any bank action for start credits (except that associated with vacation) will be at company discretion based on needs and supply and no mandatory bank action will be required for hours over twenty. Bank action at month end to top up DMM will continue as normal. If the pilot's bank exceeds forty (40) hours, the pilot will have the option of cash clearing hours above forty (40) hours. If the pilot does not choose to cash clear, the Company may limit the start credit to twenty (20) hours.

L65.03.01.08 The Company may not use this provision if any pilot is declared surplus or on furlough.

L65.03.02 Effective January 1, 2006, Article 7 will be amended as follows:

7.14 Overtime Premium

7.14.01 ~~For the A319/320/321 aircraft types, in any month where a pilot's flight time credits exceed eighty five hours (85) or the DMM, whichever is greater, those hours in excess of eighty five hours (85) or the DMM, whichever is greater, less any credits applied from the pilot's bank, will attract a fifty percent (50%) overtime premium, which will be cash cleared.~~

~~7.14.02 For all other aircraft types except A319/320/321~~ In any month where a pilot's flight time credits exceed 85 hours, those hours in excess of 85 hours, less any credits applied from the pilots bank will attract a 50% premium, which will be cash cleared.

L65.04 Crew Rest Facilities

L65.04.01 Based on the viewing of the Crew Rest Facilities onboard the B777, ACPA accepts that these facilities meet the requirements for "Flight Relief Bunk" in the collective agreement provided that the crew rest on the aircraft delivered to Air Canada are substantially the same as those viewed by ACPA at the Boeing Seattle Facility on May 18, 2005. Boeing has confirmed that this rest area is compliant with SAE ARP4101/3 "Crew Rest Facilities" The Company and ACPA will jointly develop an SOP in order to ensure privacy for changing and to isolate the forward J-Class washroom for use of the cockpit crew during periods of the flight when it is required for actual use by the pilot. Should the parties fail to agree on the SOP or should a dispute arise surrounding the substantial similarity to the aircraft viewed, the matter will be referred to final and binding arbitration before M. Mitchnick.

L65.04.02 ACPA has been advised that the Crew Rest Facilities on the B787 are substantially the same as the B777 Crew Rest Facility and on that basis accepts that the Crew Rest Facilities onboard the B787 meet the requirements for "Flight Relief Bunk in the collective agreement, provided that they will be in substantial compliance with SAE ARP 4101/3 "Crew Rest Facilities" specifications. A joint ACPA – Air Canada team will cooperate with Boeing to monitor the development and finalize the design of the unit. Should a dispute arise as to the acceptability of the unit, the matter will be referred to final and binding arbitration before M. Mitchnick.

L65.05 J-Class seat requirement for Augmentation

L65.05.01 Single Augmentation

L65.05.01.01 Article 17 will be amended as follows:

17.03.03.12.02 Augmented Crew Flight Duty Period Limitations Chart - Outside the North American Zone

Crew	Max Legs	Onboard Crew Rest Facility	Other Restrictions	Max Flight Duty Period
Single Augmentation Basic Crew + 1 RP, or 1 Aug	2	<ul style="list-style-type: none"> • 1 flight relief seat, or ▪ flight relief bunk and 1 "J" Class seat * 	none	14:00 hrs
	1	1 flight relief bunk and 1 "J" Class seat *	lands prior to 0400 pilot home base time	15:00 hrs
Double Augmentation Basic Crew + 1 Aug, 1 RP, or 2 Augs	2	2 flight relief bunks and 1 "J" class seat	the second leg is planned only to allow an augmented crew to complete (or start) a direct flight after (or before) operating an oceanic crossing.	18:00 hrs

* For Single Augmentation only, a flight relief bunk and 1 row (3 seats) of economy seats only on all economy configured aircraft. For the A340, B777 and B787 aircraft, the designated one "J" class seat may be occupied by a full revenue passenger in the event the "J" class cabin is full. In other cases the seat will be reserved for the use of the operating crew.

L65.05.01.02 LOC41 will be amended as follows:

Re: Augmentation – A340, B777 and B787 Aircraft – Designated one (1) "J" Class Seat

Dear Captain Hall:

This letter will confirm that when the one (1) designated augmentation "J" Class seat on A340, B777 and B787 aircraft, as detailed in Article 17.03.02.12.01, and Article 17.03.03.12.02 is required for a full revenue passenger, this seat will be sold last, and only to a revenue "J" Class passenger.

L65.05.02 Double Augmentation:

The parties wish to determine through a trial period whether the provision of one (1) "J" class seat designated for crew rest ("designated 'J' class seat"), in addition to the Boeing Crew Rest Module including two (2) pilot relief seats, on double augmented flights with a maximum flight duty period of up to eighteen (18) hours operated on B777 and B787 is required.

Prior to the trial period, one (1) "J" class seat designated for crew rest ("designated 'J' class seat"), in addition to the Boeing Crew Rest Module including two (2) pilot relief seats, on double augmented flights with a maximum flight duty period of up to eighteen (18) hours operated on B777 and B787 will be provided in accordance with the collective agreement.

During the trial period, the following will apply:

1. For double augmented flights with a maximum flight duty period of up to eighteen (18) hours operated with B777 aircraft equipped with the Boeing Crew Rest Module including two (2) pilot relief seats, the one "J" class seat designated for crew rest may be occupied by a full revenue passenger in the event the "J" class cabin is full. When the "J" class seat is required for a full revenue passenger, this seat will be sold last, and only to a revenue "J" Class passenger.

The trial period will start July 1, 2007, and will end after 600 legs requiring double augmentation operated by the B777 aircraft have been completed, but in no case later than June 30, 2008.

2. A joint Double Augmentation Seat Committee (DASC) will monitor the trial period and formulate recommendations according to the following:

The DASC will be comprised of an equal number of representatives from ACPA and Air Canada.

The DASC will determine the number of inbound and outbound legs for the trial period.

The DASC will jointly agree on the process for conducting the Trial. The DASC may call on outside expertise to assist in their evaluation of the "J" class seat. Such expertise may include medical and safety expertise, and assistance from Transport Canada.

The DASC will jointly monitor and record any considerations brought forward by pilots who have operated a double augmented flight on the B777 aircraft during the trial period.

Within the last month of the trial period, the DASC will formulate recommendations that will be provided to both ACPA and the Company. The recommendations will be limited to the issue of the "J" class seat for double augmentation.

Should any dispute arise about the proceedings of the DASC, M. Mitchnick shall remain seized to resolve the dispute.

3. Following the trial period and the release of the recommendations by DASC, ACPA will determine whether a designated "J" class seat shall be provided in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period operated on B777 aircraft. This decision shall rest solely with ACPA.

In its determination, ACPA shall consider the recommendations of the DASC but shall not be bound by those recommendations.

ACPA shall advise the Company of its decision within one (1) month from the end of the trial period, but in no case later than September 1, 2008.

Notwithstanding the process and timelines outlined above, ACPA may, at its discretion, take its decision at any time prior to or during the trial period.

4. Should ACPA decide that the provision of a designated "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period is not required, the parties will amend the collective agreement to reflect that the provisions of the collective agreement for single augmentation shall apply to double augmented flights with a maximum flight duty period of up to eighteen (18) hours operated on B777 and B787 with the Boeing Crew Rest Unit installed.
5. Should ACPA decide that the provision of a designated "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period is required, the following will apply:

The parties will submit the question of what, if any, consequences shall apply as a result of the provision of a designated "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period, to determination through interest arbitration.

Any financial consequences determined by an arbitrator may not exceed an amount established at (*determined from mediator recommendations*)

The parties will amend the collective agreement to reflect this position if necessary.

6. The decision by ACPA on whether the provision of a designated "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period operated on B777 aircraft is required shall equally apply to the B787 aircraft, provided that the crew rest facilities on the B787 are substantially identical to those on the B777.

Should the crew rest facilities on the B787 not be substantially similar to those on the B777, the question of whether the provision of a guaranteed "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period operated on B787 aircraft is required shall be determined following the steps outlined above in relation to the B777.

L65.05.03 The currently installed crew rest facilities on the A340-500 are accepted as meeting the requirements for "Flight Relief Bunk" in the collective agreement for the time until the phase-out of the aircraft. The "J" Class seat provision for crew rest as provided for in 17.03.03.12.02 will continue to apply.

L65.06 The parties agree to the following Memorandum of Agreement on Ultra Long Haul Flying:

MEMORANDUM OF AGREEMENT

between

Air Canada

and

Air Canada Pilots Association

WHEREAS the parties are desirous of establishing a procedure for the final determination of the terms and conditions that will apply to pilots performing planned flight duty periods greater than eighteen (18) hours ("Ultra Long Haul Flying") on the Boeing B777 and B787 aircraft;

ACCORDINGLY, the parties agree as follows:

1. Air Canada and ACPA hereby appoint M.G. Mitchnick to assist the parties in establishing the terms and conditions that will apply to Ultra Long Haul Flying through a process of mediation and, if necessary, arbitration.
2. M.G. Mitchnick will have full authority to determine the procedure to be followed in mediation and arbitration. In the event of arbitration, M.G. Mitchnick will exercise the power of an arbitrator under the Canada Labour Code in determining the terms and conditions that will apply to Ultra Long Haul Flying on the Boeing B777 and B787 aircraft.
3. The parties may by mutual agreement and as an alternative to proceeding before M.G. Mitchnick as a sole mediator/arbitrator decide to constitute a Board to conduct the mediation/arbitration process. In such event, M.G. Mitchnick will serve as the chairperson of the Board and each party will select one (1) nominee to serve on the Board. The mediation/arbitration Board constituted pursuant to this paragraph will have the powers conferred to M.G. Mitchnick in paragraph 2.
4. The process of mediation/arbitration will commence no later than October 1, 2006 and conclude either with an agreement or a final and binding arbitration award no later than November 30, 2006.
5. M.G. Mitchnick will have jurisdiction to deal with any dispute that may arise related to this Memorandum of Agreement. M.G. Mitchnick or the Board, as the case may be, will remain seized in the event of any difficulty with the implementation of any agreement concluded in mediation or final arbitration award rendered pursuant to this Memorandum of Agreement.
6. In the event that M.G. Mitchnick is unable to act as mediator/arbitrator under this Memorandum of Agreement, the parties will, within fourteen (14) days of either party's receipt of notice of M.G. Mitchnick inability to act, select a replacement mediator/arbitrator by mutual agreement, failing which either party may request the federal Minister of Labour to make the appointment.

L65.07 The parties will develop a comprehensive LOU containing the above mentioned terms. M. G. Mitchnick will remain seized as a mediator/arbitrator to finalize the language of the Letter of Understanding in the event any difficulties are encountered.

Note: Excerpt from Mr. Teplitsky's award dated October 31, 2005:

...

5. Ultra Long Haul Flying

ACPA argues that the anticipated delay in the arrival of 777s warrants a change in the agreed upon time frames. This observation has merit and will be addressed by my remaining seized. If the delivery of the relevant aircraft are delayed, the parties may return this issue to me.

...

Dear Captain Tarves,

This is to confirm the following understanding between Air Canada and ACPA:

In the event that

- 1) Any of the 2 Airbus A340-500 aircraft under LOU62 remains in Air Canada's fleet beyond December 31, 2006; and
- 2) After the completion of the B777 double augmentation type trial ACPA decides that the provision of a designated "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period is required;

ACPA will be entitled to argue that a value may be assigned to the fact that the A340-500 aft crew rest unit will not be installed, and that, if a value is determined, it shall be applied against any consequences that an interest arbitrator may determine as a result of the provision of a designated "J" class seat in addition to the Boeing Crew Rest Module on double augmented flights of up to 18 hours maximum flight duty period.

Yours truly,

Captain Michael Downey
Senior Director, Flight Operations

Dear Captain Parnell,

This is to confirm the following:

1. The Crew Rest Facilities on board the **B777** and **B787** are provisioned with 2 Crew Rest Seats including an In-flight Entertainment System (IFE).
2. If required, the Crew Rest Facility will be attended to by maintenance with the same priority as the J-Class cabin.
3. The Crew Rest Facilities will be equipped with the meal transfer module to facilitate the transfer of meals from the galley.
4. On flights requiring augmentation, fresh bedding will be provisioned before every flight for each crew member.
5. The **B777** is provisioned for the installation of a humidification unit for the flight deck. If and when this unit becomes available from the manufacturer, the humidification unit will be ordered and installed in the **B777** aircraft.

If a humidification option for the Crew Rest Facility becomes available, it will be ordered and installed on any new aircraft, provided it can be accommodated in the assembly schedule. Until such time, the parties will study the issue of humidification, including the use of portable humidifiers, in a joint committee.

6. If available from the manufacturer, humidification will be ordered and installed in the Flight Deck and Crew Rest Areas of the **B787** aircraft.

Yours truly,

Captain Michael Downey
Senior Director, Flight Operations

LOC 2 – PASSES FOR DEADHEAD TRAVEL

January 29, 1997

Captain D. Johnson
Chairman, MEC
Air Canada Pilots Association
5915 Airport Road, Suite 320
Mississauga, Ontario
L4V 1T1

Dear Captain Johnson:

The Company will provide First Class Positive Space passes for Captains and Economy Positive Space passes with move-up privileges to First Class for First Officers, Second Officers and Relief Pilots when deadheading for flight duty or returning to home base after flight duty.

Yours truly,

Wayne MacLellan
Vice President, Flight Operations

LOC 8 – INVOLUNTARY ASSIGNMENT OF PILOTS

January 29, 1997

Captain D. Johnson
Chairman, MEC
Air Canada Pilots Association
5915 Airport Road, Suite 320
Mississauga, Ontario
L4V 1T1

Dear Captain Johnson:

The Company agrees with ACPA that the involuntary assignment of pilots is not desirable and wishes to avoid it whenever possible.

Further to this, it is agreed that, when annual pilot staffing requirements are determined, the involuntary assignment of pilots to flights will not be used in these calculations.

The Company will also make every possible effort on an ongoing basis to minimize involuntary assignments.

Yours sincerely,

Wayne MacLellan
Vice President, Flight Operations

LOC 9 – SCHEDULED PAIRINGS

January 29, 1997

Captain D. Johnson
Chairman, MEC
Air Canada Pilots Association
5915 Airport Road, Suite 320
Mississauga, Ontario
L4V 1T1

Dear Captain Johnson:

The following is the text of a letter between CALPA and Air Canada signed on February 5, 1981. We agree that this letter continues to be effective between ACPA and Air Canada to the extent it was effective between CALPA and Air Canada.

"The following reflects my understanding of our agreement on Scheduled Pairings.

Scheduled Pairings as defined in 17.03 will be reflected in the monthly blocks and will not be changed after the blocks have been awarded, except for charter operations (and supporting flights) and/or schedule revisions.

Changes which affect these Pairings on a day to day basis will be subject to SR8, SR9, and Article 17.01.02.

NOTE: Schedule revisions refers to any change to Air Canada's published passenger or freighter schedules, including supporting ferry flights and/or second sections.

I trust the above is agreeable to you.

Yours sincerely,

Wayne MacLellan
Vice President, Flight Operations

LOC 14 – PILOT TRAVEL PRIORITY FOR TRAINING

January 29, 1997

Captain D. Johnson
Chairman, MEC
Air Canada Pilots Association
5915 Airport Road, Suite 320
Mississauga, Ontario
L4V 1T1

Dear Captain Johnson:

This will confirm our understanding concerning pilot travel for training purposes.

Pilots will be provided with PY1/J10 priority passes when travelling for training.

Yours truly,

R.M. Tritt
Director, Labour Relations

cc: Vice President, Flight Operations - ACC Dorval 274

LOC 15 – PASS PRIORITIES

January 29, 1997

Captain D. Johnson
Chairman, MEC
Air Canada Pilots Association
5915 Airport Road, Suite 320
Mississauga, Ontario
L4V 1T1

Dear Captain Johnson:

This will confirm the following pass priorities have been agreed to:

Space available passes issued in conjunction with Base transfers will be a 'D' priority.

Positive Space passes issued in conjunction with a Company paid move will be priority PY1/Y10.

Pilots entitled to positive space passes as a result of not being trained/transferred by the posted activation date will be issued PY1/J10 priority pass.

Yours truly,

R.M. Tritt
Director, Labour Relations

cc: Captain B.W. MacLellan - Vice President, Flight Operations

LOC 17 – RELATIONSHIP WITH REGIONAL AIRLINES

January 29, 1997

Captain D. Johnson
Chairman, MEC
Air Canada Pilots Association
5915 Airport Road, Suite 320
Mississauga, Ontario
L4V 1T1

Dear Captain Johnson:

The following is the text of a letter between CALPA and Air Canada signed on May 20, 1987. We agree that this letter continues to be effective between ACPA and Air Canada to the extent it was effective between CALPA and Air Canada.

"Air Canada hereby agrees to enter into negotiations with the Association pursuant to the appropriate notice under the Canada Labour Code for the purpose of negotiating issues which may be relevant to Air Canada's relationship with Air Ontario, Austin Airways and Air B.C., as the case may be."

Yours truly,

R.M. Tritt
Director, Labour Relations

cc: Vice President, Flight Operations - ACC Dorval 274

LOC 34 – PRINTING AND DISTRIBUTION OF THE COLLECTIVE AGREEMENT

November 1, 1998

Captain D. Johnson
ACPA Negotiating Chair
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T7

Dear Captain Johnson:

In the event the Company is unable to meet the time requirements outlined in Article 34.06.03, it is agreed that ACPA will be advised within fourteen (**14**) days of the signing of the Collective Agreement, and in consequence ACPA will arrange for the printing and distribution of the new Collective Agreement (English Version only). The Company agrees to assume reasonable costs related to this printing and distribution.

Yours truly,

P.J. Heinke
Senior Director, Labour Relations

LOC 40 -TOP-UP BENEFITS ON GROUNDED RETIREMENT

August 12, 2000

Captain R. Parnell
Chair, ACPA Negotiating Committee
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Dear Captain Parnell:

This letter will confirm that upon ratification of the Collective Agreement the following four (4) individuals will be covered retro-actively under the provisions of Article 26.04.01.11 – Top-Up of Benefits on Grounded Retirement.

Name	Emp.,#	Retirement Date
Stephen C. Steele	#86680	November 1, 1998
Michael McGrath	#62000	September 1, 1998
Paul E. Jensen	#48052	June 1, 1997
Murray Haines	#38628	February 1, 1997
Barry Hill	#43330	July 31, 1998

Yours truly,

P. J. Heinke
Senior Director, Labour Relations

LOC 41 - AUGMENTATION – A340 AIRCRAFT – DESIGNATED ONE (1) “J” CLASS SEAT

August 28, 2000

Captain Rainer Bauer
MEC Chairman
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Re: Augmentation – A340, B777 and B787 Aircraft – Designated one (1) “J” Class Seat

Dear Captain Hall:

This letter will confirm that when the one (1) designated augmentation “J” Class seat on A340, B777 and B787 aircraft, as detailed in Article 17.03.02.12.01, and Article 17.03.03.12.02 is required for a full revenue passenger, this seat will be sold last, and only to a revenue “J” Class passenger.

Yours truly,

Kevin Howlett
Vice President Human Resources

LOC 42 - TOP-UP PAYMENT OF INSURED MEDICAL SERVICES

August 29, 2000

Captain Raymond Hall
MEC Chairman
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Re: Top-Up Payment of Insured Medical Services

Dear Captain Hall:

This letter will confirm that the Company will cover the difference between the amount paid under any provincial plan and the benefit that would otherwise be payable pursuant to the Supplementary Health Insurance Plan, for chiropractic, osteopathic, naturopathic, and podiatry services. **This** special undertaking is not extended to any other benefit under the plan.

Yours truly,

P.J. Heinke
Senior Director, Labour Relations

LOC 43 - LONG-TERM EMPLOYEE STOCK OWNERSHIP COMMITTEE

August 11, 2000

Captain Raymond Hall
MEC Chairman
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Re: Long-Term Employee Stock Ownership Committee

Dear Captain Hall:

The Company agrees to establish a joint Long-Term Employee Stock Ownership Committee. The committee will consist of two (2) representatives of senior management and two (2) ACPA representatives, with a mandate of developing options involving long-term employee stock ownership.

Yours truly,

P.J. Heinke
Senior Director, Labour Relations

LOC 45 – MEDICAL SERVICES FOR NON-RESIDENTS

July 10, 2000

Captain Raymond Hall
MEC Chair
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Dear Captain Hall:

This letter will confirm the applicability of Company Insurance and Benefit Plans as they relate to Air Canada pilots residing outside of Canada.

Basic hospital and medical expenses for pilots residing outside of Canada i.e., standard ward hospital accommodations and related services, as well as physician's fees, are not covered by the Air Canada Health Plan.

Pilots residing outside of Canada are eligible, based on the current cost in Ontario with the applicable "maximums", for all other services described in the Health section of the Employee Handbook. Eligible expenses under the Air Canada Health Plan are; private or semi-private hospital room, ambulance, hearing aids, diabetic supplies, medical services and supplies, surgical brassieres or camisoles, orthopaedic boots or shoes, physiotherapy, drugs requiring a written prescription, prescribed drugs to eliminate the use of tobacco, services of a qualified psychologist, nursing services and speech therapy.

Vision care coverage for prescribed lenses and frames and contact lenses is the same as coverage for pilots residing in Canada with expense amounts being payable in Canadian dollars.

The Dental Plan reimburses eligible dental expenses, as described in the Dental Section of the Employee Handbook, subject to certain "maximums", in Canadian dollars based on the current Ontario dental fee guide.

Yours truly,

P.J. Heinke
Senior Director, Labour Relations

c.c. Manager, Benefits Programs

LETTER OF COMMITMENT NO.46
between
AIR CANADA
and the
AIR CANADA PILOTS ASSOCIATION

Re: Pay Rates for Aircraft of 75 Seats of Less

The parties agree to the following rates of pay for aircraft with a maximum certified seating capacity of 75 seats or less.

LOC46.01 Effective with the July 2003 block month the rates of pay for Captains and First Officers of all aircraft with a maximum certified seating capacity of 75 seats or less (including CL-65 aircraft) shall be in accordance with the Table below.

LOC46.02 No later than December 31, 2003, Air Canada will advise the Association of its decision to commit or not to operate all jets at the mainline (except for the existing ten (10) BAE 146 currently operated at Air Canada Jazz) and to have all these jets flown by pilots on the Air Canada pilot system seniority list.

LOC46.03 Should Air Canada decide to commit to operate all jets at the mainline:

LOC46.03.01 The ten (10) CL-65/CRJ200 jets currently operated at Air Canada Jazz will be transferred to the mainline at a rate of at least one (1) aircraft per month commencing three months following the date of the Company's decision to operate all jets at the mainline. All new jets acquired or leased by the Company will be flown by pilots on the Air Canada pilot system seniority list; and

LOC46.03.02 Article 1.09.02.01.04 will no longer apply following the completion of the transfer to the mainline of the ten (10) CL-65/CRJ200 jets currently operated at Air Canada Jazz pursuant to paragraph LOC46.03.01 above.

LOC46.04 Should Air Canada decide not to commit to operate all jets at the mainline by December 31, 2003:

LOC46.04.01 effective with the first block month following the month that the Company announced its decision, the rates of pay for CL-65 Captains and First Officers shall revert to the rates of pay (effective on April 2, 2002) found in the April 2, 2000 collective agreement (less the 15% wage reduction provided for in the Memorandum of Agreement between Air Canada and Air Canada Pilots Association dated June 17, 2003); and

LOC46.04.02 any pilots who were paid in accordance with the Table below since the July 2003 block month will be reimbursed the difference between the rates paid under the Table below and the rates of pay (effective on April 2, 2002) found in the April 2, 2000 collective agreement (less the 15% wage reduction provided for in the Memorandum of Agreement between Air Canada and Air Canada Pilots Association dated June 17, 2003).

TABLE -- Rates of Pay for Jets with a Maximum Certified Seating Capacity of 75 Seats or Less*

		End Hourly rate
Capt.	12 years	99.30
	11 years	98.37
	10 years	97.45
	9 years	96.52
	8 years	95.60
	7 years	94.62
	6 years	93.72
	5 years	92.76
	4 years	91.86
3 years	90.93	
FO	10 years	60.71
	9 years	58.95
	8 years	57.21
	7 years	55.41
	6 years	53.68
	5 years	51.90
	4 years	50.18
3 years	48.42	

* The above rates of pay reflect the 15% overall pay reduction and will be eligible for wage recovery through process for productivity improvements substitution under the Memorandum of Agreement dated June 17, 2003.

* For greater clarity, these above rates of pay supercede all other provisions of the collective agreement dealing with CL-65 rates of pay.

Signed this 17th, day of June, 2003.

FOR AIR CANADA

FOR ACPA

LETTER OF COMMITMENT 47 – CL-65 JOB GUARANTEE

June 17, 2003

Captain Rainer Bauer
MEC Chair
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Dear Captain Bauer:

In the event any of the current twenty-five (25) Air Canada CL-65 aircraft are transferred to Air Canada Jazz prior to the delivery of an equivalent number of newly acquired aircraft in the 76 to 110 seat category into the Air Canada mainline fleet, Air Canada **will** protect ten (10) pilots (five (5) Captains and five (5) First Officers) per aircraft at mainline CRJ rates of pay based on the previous three (3) months average of each disaffected pilot until such time as the required number of 76-110-seat aircraft are delivered into the Air Canada fleet.

Yours truly,

Kevin Howlett
Vice President, Labour Relations

LETTER OF COMMITMENT 48 – PENSION INDEXATION

June 17, 2003

Captain Rainer Bauer
MEC Chair
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Dear Captain Bauer:

Re: Pension Indexation

This is further to discussions between the parties in the presence of the Honourable Mr. Justice Winkler, in the context of the restructuring process under the Companies Creditors' Arrangement Act.

This is to confirm that the Company will accept that ACPA is entitled to raise the issue of pension indexation for negotiation as part of the mid-term negotiations on wages and Maximum Pension Units as outlined in the Memorandum of Agreement entered into between Air Canada and Air Canada Pilots Association on June 17, 2003.

Yours truly,

Kevin Howlett
Vice President, Labour Relations

LETTER OF COMMITMENT 49 – MUNROE AWARD

June 14, 2003

Captain Rainer Bauer
MEC Chair
Air Canada Pilots Association
5915 Airport Road Suite, 510
Mississauga, Ontario, L4V 1T1

Dear Captain Bauer:

This letter will confirm that Air Canada intends to implement the Munroe Award (post retirement benefits for former CAIL pilots) subsequent to emerging from CCAA. On a going forward basis, any pilot retiring during CCAA will also be eligible for these benefits.

Yours truly,

Andrew Torriani,
Director, Labour Relations,
Flight Operations & In-flight Service

Cc: Vice President, Labour Relations – ACC 1263
Senior Director, Flight Operations – Toronto 2415

LETTER OF COMMITMENT 50 – ALLOCATION OF AIRCRAFT BETWEEN 76 AND 110 SEATS

June 17, 2003

Captain Rainer Bauer
MEC Chair
Air Canada Pilots Association
5915 Airport Road, Suite 510
Mississauga, Ontario
L4V 1T1

Dear Rainer:

Re: Allocation of Aircraft between 76 and 110 Seats

This is to confirm that, as a result of the pay rates agreed by the parties under Letter of Understanding 57, all aircraft with a maximum certified seating capacity between 76 and 110 seats (to be acquired or leased by Air Canada or any of its Affiliates) will, under the terms of the modified April 2, 2000 Collective Agreement be flown exclusively by pilots on the Air Canada Pilots' System Seniority List, at the mainline, in accordance with the ACPA collective agreement.

The pay rates applicable for flying these aircraft will be those found in Letter of Understanding 57 of the ACPA/Air Canada collective agreement.

In the event that a conflict is found to exist pursuant to the dispute resolution mechanism before Arbitrator Teplitsky, Air Canada will maintain the position before Arbitrator Teplitsky that the right to fly the jets between 76 and 110 seats is vested solely with ACPA at the mainline and these aircraft must be flown by pilots on the Air Canada Pilots' System Seniority List.

The above is conditional upon ratification of the modified ACPA/Air Canada collective agreement by ACPA membership by June 30, 2003.

Yours truly,

Robert A. Milton
President and Chief Executive Officer

LETTER OF COMMITMENT 51 ~ PLANNED DEADHEADS

June 4, 2004

Captain R. Parnell
ACPA Negotiating Committee Chairman
Air Canada Pilots Association
6299 Airport Road, Suite 205
Mississauga, Ontario
L4V 1N3

Re: Deadhead Credits

Dear Captain Parnell:

This is to clarify the pay and flight time credits that a pilot will receive when he is required to deadhead:

Blockholders

For blockholders, "planned deadhead" means deadhead leg(s) shown in the original pairing at block closing (PBS), in the original awarded make-up or original awarded draft flying. This includes move-ups and drafting that adds flying to an awarded pairing.

These "planned deadhead" leg(s) will attract ½ pay and %flight time credits.

All other deadhead legs will attract full pay and flight time credits.

Reserve Pilots

For reserve pilots, "planned deadhead" means deadhead leg(s) shown in the original pairing at check-in or as a result of a reassignment of flying during the pairing that includes a deadhead leg.

These "planned deadhead" leg(s) will attract ½ pay and ½ flight time credits.

Any change to original or reassigned flying that changes a leg from operating to deadheading will attract full pay and flight time credits. This includes any re-routings between a departure and arrival airport in an original or reassigned leg.

Note: The parties agree that this language is not considered finalized. They will meet on an expeditious basis to finalize the concepts described above, in particular the shaded portion.

Yours truly,

Captain Hugh Campbell
Senior Director, Flight Operations

APPENDIX "A"

Between

AIR CANADA

-and-

AIR CANADA PILOTS ASSOCIATION

Re: Article **30.12.02**

A.01 Pursuant to the provisions of Article 30.12.02 of the Collective Agreement, the following persons are named as arbitrators to hear expedited arbitrations:

Mr. Kevin Burkett
Mr. Claude H. Foisy
Mr. Rob Herman
Mr. William Kaplan
Mr. David H. Kates
Mr. Brian Keller
Mr. Ron Keras
Ms Debra Leighton
Mr. Morton G. Mitchnick
Ms. Kathleen G. O'Neil
Mr. Dana Randall

A.02 The list will be amended when and as required, in accordance with Article 30.12.13.

A.03 This Appendix is attached to and forms part of the Collective Agreement that expires July 1, 2009.

IN WITNESS WHEREOF, the parties have signed this Appendix this day of ,2000.

FOR AIR CANADA

FOR ACPA

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APPENDIX B

MEMORANDUM OF AGREEMENT

BETWEEN

AIR CANADA
("Air Canada")

AND

AIR CANADA PILOTS ASSOCIATION
("The Association" or "ACPA")

Re: Restructuring of Air Canada pursuant to the Companies Creditors' Arrangement Act

WHEREAS the Company has filed an application pursuant to the Companies Creditors' Arrangement Act (CCAA) on April 1, 2003 in order to facilitate restructuring of its operations and finances;

AND WHEREAS the parties agree to amend their existing collective agreement effective April 2, 2000 (the "April 2, 2000 Collective Agreement") as per the modifications set out in this Memorandum of Agreement and to extend its duration until July 1, 2009.

NOW THEREFORE, the Company and the Association agree to the following:

The April 2, 2000 Collective Agreement is amended as per the modifications set out in this Memorandum of Agreement.

This Memorandum of Agreement is conditional upon:

- (a) the acceptance of Air Canada's Plan of Arrangement by all creditors and stakeholders and its sanction by the Court in a form that is materially consistent with the terms of this Memorandum of Agreement and acceptance of such Plan of Arrangement by all other Air Canada trade unions and employee groups.
- (b) In the event there is no complete acceptance and implementation as provided in paragraph 2(a), this Memorandum of Agreement shall be void and the April 2, 2000 Collective Agreement shall remain in effect for the balance of its term without the modifications contained in this Memorandum of Agreement.

The April 2, 2000 Collective Agreement shall expire on July 1, 2009. On June 2, 2006, the parties agree to re-open only (a) wages and (b) Maximum Pension Units for negotiations, subject to mediation and binding interest arbitration. There will be no strike or lockout during those negotiations. Any unresolved difference in the negotiations will be resolved, as necessary, through mediation and binding arbitration. Failing agreement between the parties on the selection of the mediator/arbitrator, the mediator/arbitrator will be appointed by the Minister of Labour.

Should it be required, the parties agree to file any necessary joint application to the Canada Industrial Relations Board for approval of the modified expiration date (July 1, 2009) of the April 2, 2000 Collective Agreement.

5. If between June 2, 2003 and July 1, 2009, any other employee group or part thereof receives any across-the-board payment or benefit; or any enhanced work rule, the pilots shall receive an equivalent payment or benefit, or enhanced work rule other than wage increases resulting from the re-opener negotiations of 2006. However, this paragraph will not be triggered by no-cost agreements with groups participating in the CCAA restructuring program that preserves such groups cost reduction for the term of their agreement(s) and that result in no aggregate cost increase in the payroll cost of the applicable group.
6. The Company agrees to pay, subject to the Monitor's approval, all fees and expenses for legal and financial advisors incurred by the Association in connection with the CCAA restructuring process. Such payment shall not exceed the total amount to be determined by the Monitor.
7. Nothing in this Memorandum affects any rights that the Association may claim in the context of the CCAA restructuring process, including but not limited to any creditor's claim for the 2.5% wage increase scheduled for April 2, 2003, the salary progressions to the 13th and 14th years of service and the fleet guarantee provisions of the collective agreement.
8. This Memorandum of Agreement between the Association and the Company will be subject to ratification by the Association's members in accordance with the Association's constitution. All terms and conditions of this Memorandum of Agreement will take effect as of the date of ratification unless otherwise specified.

Collective Agreement Changes

1. Wages:

Effective with the June 2003 block month, all pay parameters (including any rates of pay, premium pay and other similar pay or premiums) shall be reduced by 15%.

Such wage reduction will remain in effect until such time as the parties agree to productivity improvements that will offset, on a dollar for dollar basis, a portion or the totality of the 15% wage reduction or until such time as the parties negotiate changes to wages following the wage re-opener negotiations in 2006.

Productivity Improvements: The negotiation of the substitution of items shall be on an equivalent basis (i.e. on a dollar for dollar basis). Productivity improvements can only be substituted by other productivity improvements or further wage adjustments. The proposals will be discussed with the Company to ensure no detrimental impact on Air Canada's operations, all of which is subject to mutual agreement.

The parties agree to commence negotiations on productivity improvements immediately. Should the parties be unable to agree on the valuation and verification of the productivity improvements by August 31, 2003 (or such later date as the parties may agree), the sole issue of valuation and verification of the productivity improvements will be submitted to final binding mediation/arbitration. The mediator/arbitrator will be assisted by an auditor for the final valuation of the proposed productivity improvements. The mediation/arbitration process shall be completed by September 30, 2003 (or such later date as the parties may agree). The mediator and auditor shall be appointed by Mr. Justice Warren Winkler.

It is understood by the parties that the value of the productivity improvements agreed to in this Memorandum of Agreement cannot be modified by either party or the arbitrator.

2. Profit Sharing:

The parties agree that Air Canada will introduce a Profit Sharing Program for all participating employees of Air Canada. Profit Sharing would be provided based upon the following structure:

1. Adjusted pre-tax profits (excl foreign exchange and other extraordinary gains and losses) would be tracked from the later of:
 - (a) Emergence from CCAA; or
 - (b) January 1, 2004 (the "Adjusted Pretax Profits")
 2. Profits sharing will be as follows:
 - (a) Between 50% and 70% (to be determined prior to or upon emergence from CCAA) of Profit Sharing Program will be based on the mainline results applying the following formula:
 - (i) 7.5% of Adjusted Pre-tax Profits at/or below 7% of revenues.
 - (ii) 25% of all Adjusted Pre-tax Profits over 7% of revenues.
 - (b) The balance (between 30% and 50% [to be determined prior to or upon emergence from CCAA]) of Profit Sharing Program will be based on the consolidated results applying the following formula:
 - (i) 7.5% of Adjusted Pre-tax Profits at/or below 7% of revenues.
 - (ii) 25% of all Adjusted Pre-tax Profits over 7% of revenues.
 3. Calculated annually, paid by June 30th of the following year.
 4. Allocation based upon each employee's taxable income (for Canadian residents) or gross income (for non-Canadian residents).
 5. The Profit Sharing Program will be implemented on January 1, 2004 or as of the date of emergence from CCAA, whichever is later.
- 3. Pensions:** Registered pension benefits will remain unchanged, as detailed in the applicable Plan texts and in the April 2, 2000 Collective Agreement. ACPA agrees to cooperate with the Company in representation to OSFI and the federal government regarding appropriate policy decisions respecting the funding of the pension plan's deficit. In addition, the terms of the "Adams award" shall be implemented as per the terms therein.

The supplemental pension plans (including RCA) will remain unchanged, as detailed in the collective agreement. If it is determined by a court order in the CCAA proceedings that the Company is not required to make their matching contributions to the pilots' RCA accounts for the period the Company was under the CCAA, individual pilots will have the option of withdrawing an amount equal to the Company matching contributions not remitted to their RCA accounts during this period, provided that the withdrawals do not affect the registration of the RCA.

4. The attached Appendices A (Contract Language) and B (Labour Costs Reduction Items), form part of this Memorandum of Agreement.
5. A32.01.08 - Layoff and Recall (new): Pilots on furlough are entitled to the following:

- (a) Group Employee Benefit Programs with the exception of GDIP. All such benefits are limited to a maximum of 12 months and the pilot shall pay in advance the full cost (100%) of the premium.
- (b) A pilot on furlough continues to accrue Company service except for the purpose of pay progression, pension and vacation entitlement.
- (c) A pilot on furlough continues to accrue seniority.

6. **Non-Application of Group Termination Notice:** If applicable, the parties agree that the layoff of pilots resulting from the restructuring of the airline under CCAA have been the subject of full discussions and negotiations between the parties and forms part of the agreement reached under this Memorandum of Agreement. As a consequence, the parties further agree that sections 214 to 226 of the Canada Labour Code do not apply to those layoffs.

7. The appeal taken by the Air Canada Pilots Association from the Order of Justice Farley dated May 9, 2003, establishing a facilitation process for the labour negotiations between Air Canada and the unions representing its employees will be discontinued forthwith.

NOTE: Consistent with all other groups, the April 2, 2003 2.5% salary increase, salary progressions to the 13th and 14th years of service, and bonus payment are eliminated and the former CAIL bonus arbitration is withdrawn and permanently discontinued.

Signed this 17th, day of June, 2003.

AIR CANADA

ACPA

AC – ACPA MEMORANDUM OF AGREEMENT June 17, 2003 –Appendix B

Air Canada - Flight Operations
 ACPA work group
 Labour Cost reduction items

		total	Labour	non-labour	benefits	Headcount reduction
Productivity and other Monetary items						
a) Work schedules	-Variable DMM 70-85 DPG 4:25 fixed ail fleet Current activation pay OT premium hours above 85 hours MMG variable per DMM as per LOU 52. DMM of 70 & 71 is MMG Block holders 60 and reserves 65.	44.5	34.9		9.5	-106
	- Deadhead at 1/2 pay, 1/2 credit	8.7	6.8		1.9	-52
	- Article 25 freezes and activation date credit	5.8	4.6		1.2	-6
	- Recurrent Line Checks	7.2	5.6		1.5	-40
	- ACP & AFIs paid 2/3 of current uplift and DMM by equipment block average	2.4	1.9		0.5	
	- Delete LITC and right seat override	0.6	0.5		0.1	
b) Training	- Eliminate pay for recurrent sim and ART	13.2	10.4		2.8	0
	- Silent hours training	0.3	0.1	0.3	0.0	0
	- Simulator crewing with CA/CA, FO/FO or contract instructor at Company discretion	0.4	0.2	0.2	0.0	0
	- PBS for recurrent simulator, ART and medicals	0.2	0.2		0.0	0
c) Vacations	- Revised Vacation entitlement	6.7	5.2		1.4	-40
	- Reduce statutory holidays from 12 to 9	4.8	3.8		1.0	-29
d) Augmentation	-A330 on augmented routes (8 airplanes)	5.8		5.8	0.0	0
e) Expenses	- Home base training allowance	0.4		0.4	0.0	0
	- Fruit basket	0.5		0.5	0.0	0
	- Hotel layover less than 20 hours at company discretion	0.7		0.7	0.0	0
Scope	- CRJ to JAZZ	9.5		9.5	0.0	0
Airline Re-alignment		36.0		36.0	0.0	
Re gauge		11.7	9.2		2.5	
Salary reduction based on a % of payroll (incl. benefits)		90.3	70.9		19.4	
Eliminate Job Security provisions						
Total		249.7	154.2	53.3	42.1	-273

AC – ACPA MEMORANDUM OF AGREEMENT June 17, 2003 –Appendix C

Air Canada, Air Canada Jazz, ACPA and ALPA agree:

The parties rights regarding equipment acquisition and scope included in the agreement between Air Canada Jazz and ALPA and the current Collective Agreement between Air Canada and ACPA shall be subject to the following dispute resolution mechanism, where a conflict exists:

- (A) If Air Canada desires to purchase aircraft it shall advise ACPA and ALPA prior to introducing the aircraft to its fleet or the Air Canada Jazz fleet and provide each union with full particulars of the intended acquisition.
- (B) A meeting shall be held within 15 days attended by both ACPA and ALPA for the purpose of resolving the question of whether the aircraft shall be added to the Air Canada or the Air Canada Jazz fleet.
- (C) If no agreement is reached at this meeting, the dispute shall be submitted to binding arbitration which shall be heard and determined on an expedited basis.
- (D) The arbitration shall be heard by Martin Teplitsky, Q.C., and the decision shall be rendered within 60 days. If Mr. Teplitsky is unable to act, another arbitrator shall be appointed by Justice Warren Winkler.

Signed this ____ day of June, 2003:

For Air Canada:

For ACPA:

For Air Canada Jazz:

For ALPA

APPENDIX C

IN THE MATTER OF AN ARBITRATION

B E T W E E N:

AIR CANADA PILOTS ASSOCIATION
- and -
JAZZ AIR INC.
- and -
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL
- and -
AIR CANADA

SETTLEMENT AGREEMENT

Whereas the parties entered into an arbitration agreement dated the 17th day of June, 2003; and whereas the parties agreed to mediate the issues referred to arbitration; the parties hereby agree to the following settlement, subject to ratification by their principals:

1. Jazz Air Inc. ("Jazz") may maintain a fleet of 50 CRJ 100's/200's made up as follows:
 - Its present fleet of 10 CRJ-200's, 15 CRJ-200's which Air Canada has ordered and 25 CRJ-100s in the mainline fleet which shall be transferred to Jazz, subject to the conditions set forth in the Letter of Commitment no. 47 and in the ACPA collective agreement.
2. If either Air Canada or Jazz seek to increase the fleet beyond 50 CRJ 100's/200's, they shall first notify ACPA and ALPA in writing of the proposed increase and then meet with ACPA and ALPA to discuss and, if possible, agree on the increase and any terms in connection therewith;
3. If the parties are unable to agree, the issue in paragraph 2 shall be referred to Martin Teplitsky, Q.C. as mediator/arbitrator. In reaching a decision on whether to permit the increase and on what terms, Martin Teplitsky, Q.C. shall consider the business case for the increase, and the impact on ACPA and ALPA;
4. The 15 Bombardier CRJ-705's are to form part of the Jazz fleet and flown by Jazz pilots configured at a maximum of 74 seats inclusive of all classes. Jazz may not operate the CRJ-705's if configured in excess of 74 seats inclusive of all classes;
5. Air Canada shall assign 15 Embraer 170's/175's to the mainline;
6. If Air Canada or Jazz seek to increase the number of either the CRJ-705's at Jazz or the Embraer 170's/175's at Air Canada, then they shall notify ACPA and ALPA of the proposed increase and then meet with ACPA and ALPA to discuss and, if possible, agree on the increase and any terms in connection therewith;
7. If the parties are unable to agree, the issue in paragraph 6 shall be referred to Martin Teplitsky, Q.C. as mediator/arbitrator. In reaching a decision on whether to permit the increase and on what terms, Martin Teplitsky, Q.C. shall consider the business case for the increase, and the impact on ACPA and ALPA;

8. Air Canada has announced an intention to acquire an additional 15 aircraft as yet unallocated. If Air Canada decides to allocate any of the 15 aircraft to either CRJ 100's/200's, CRJ-705's or Embraer 170's/175's they shall notify ACPA and ALPA of their proposed allocation and then meet with ACPA and ALPA to discuss and, if possible agree on the increase and any terms in connection therewith;
9. If the parties are unable to agree, the issue in paragraph 8 shall be referred to Martin Teplitsky, Q.C. as mediator/arbitrator. In reaching a decision on whether to permit the increase and on what terms, Martin Teplitsky, Q.C. shall consider the business case for the increase, and the impact on ACPA and ALPA;
10. Air Canada shall ensure that a minimum of 100 ASM's are flown by Air Canada for every 12 ASM's flown by Jazz;
11. The 45 Embraer 190's are to form **part** of the mainline fleet and flown by Air Canada Pilots. This number may be increased at the discretion of Air Canada;
12. The collective agreements shall be amended by the parties to give effect to this settlement;
13. With the exception of the BAE-146's currently in the Jazz fleet (which Jazz shall remove from the fleet as it receives the CRJ-705's), Jazz may not operate any jets beyond the numbers provided by this settlement;
14. If there are issues of implementation, Martin Teplitsky, Q.C. will remain seized;
15. If the aircraft (except the unallocated 15 aircraft referenced in paragraph 8) contemplated herein are not ordered and delivered, the settlement is null and void;
16. In ordering the CRJ-705's and the Embraer 170's/175's, Air Canada shall ensure as far as practicable that equal numbers of each aircraft reach each fleet at more or less the same time;
17. Any alleged breach of this Settlement Agreement shall be referred to Martin Teplitsky, Q.C. as mediator/arbitrator for resolution; and
18. Should Martin Teplitsky, Q.C. be unable to mediate/arbitrate under this Settlement Agreement, Justice Winkler shall appoint another mediator/arbitrator. Failing such appointment by Justice Winkler, the Minister of Labour shall appoint under the *Canada Labour Code*.

Per: _____
ACPA

Per: _____
ALPA

Per: _____
AIR CANADA

Per: _____
JAZZ AIR INC.

IN THE MATTER OF AN ARBITRATION

BETWEEN:

AIR CANADA PILOTS ASSOCIATION

- and -

AIR CANADA

- and -

AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

- and -

JAZZ AIR INC.

AGREEMENT

The parties agree that:

1. The March 4, 2004, Settlement Agreement is hereby incorporated into each of the ACPA/Air Canada and the ALPA/Jazz Collective Agreements, and the terms of the Settlement Agreement are hereby incorporated therein.
2. All inconsistencies between the Settlement Agreement and the Collective Agreements shall be resolved by applying the Settlement Agreement terms, which prevail over the Collective Agreement terms.
3. Martin Teplitsky, Q.C. shall remain seized if any issues arise concerning this agreement.

DATED at Toronto this 12th day of July, 2004.

For Air Canada

For Jazz Air Inc.

For Air Canada Pilots Association

For Air Line Pilots Association

MEMORANDUM OF AGREEMENT

BETWEEN

AIR CANADA
("Air Canada")

AND

AIR CANADA PILOTS ASSOCIATION

("The Association" or "ACPA")

RE: Restructuring of Air Canada under the Companies' Creditors Arrangement Act.

Revisions to the Collective Agreement to Meet the Conditions of the Amended and Restated Standby Purchase Agreement between Air Canada and Deutsche Bank Securities Inc.

The Company and the Association agree to modify their Collective agreement as follows:

A. Collective Agreement Changes

1. **B767 Nagoya (NGO) & Western Arrows – Domestic J Class Seats:** The Company will be permitted to operate flights between YVR and NGO utilizing B767 aircraft in domestic J class seating configuration during the Summer schedule (April through October) and only for substitution for mechanical or misconnection on Western Arrows in accordance with the following:

Simultaneously, any two (2) of the B767-300 fins 652, 653, 686 and 687 may be used in their current configuration on routes from Vancouver to Japan, currently planned to Nagoya but may be used if required in a back-up roll, to other Japan destinations and only for substitution for mechanical or misconnection on Western Arrows.

These aircraft will have the 2 "J" seats in the last row on the starboard side designated as flight relief seats when required under the Collective Agreement.

These seats will be equipped with a crew rest curtain which has a vent on the forward facing section of the curtain and portable oxygen supply.

The maximum duty day with these aircraft on augmented routes will be limited to 14 hours and 2 legs with no extensions.

This provision supercedes the letters between Captain Rainer Bauer and Captain Hugh Campbell dated March 11 & 18, 2004 re : « Let » to Article 2.30 of the Collective Agreement.

2. **Position Group (CL-65 F/O, E1701190 F/O, B767 RP, A340 RP and B747 RP) –**

A new Position Group will be established as per the attached LOU 59

3. **ZIP to Mainline:** Flying operations conducted by Air Canada pilots at Air Canada's low cost carrier "ZIP", will be integrated into Air Canada mainline operations no later than September 30, 2004. Air Canada undertakes to proceed with the orderly windup of the business and operations of ZIP with the intent of completing this windup by December 31, 2004. ACPA recognizes that Air Canada shall be entitled to protect the property and assets of ZIP, including its corporate name, and tax losses going forward. Any other business activities may only be conducted with the prior written consent of the Association.

a) **Pay** - Narrow-body Airbus (A319/320/321) pay rates will be 95% of the current mainline rates.

The new A319/320/321 pay rates shall be implemented as follows:

(i) Effective with the July, 2004, block month, pay rates will be 96.2% of current mainline rates.

(ii) Effective with the block month following the retirement of the B737 fleet not later than September 30, 2004, pay rates will be 95% of the current mainline rates.

Revised A320 pay rates will not adversely impact CRJ Captain hourly pay. For greater clarity, CRJ Captain hourly pay rates, from the 5th to 12th year, will be 104.0% of the revised A320 First Officer rates effective with the July, 2004, block month, and 105.3% of the revised A320 First Officer rates effective with the block month following the retirement of the B737 fleet, not later than September 30, 2004.

b) **Working Conditions** – LOU 51 will be cancelled upon the retirement of the B737 fleet, not later than September 30, 2004, and all working conditions therein will revert to working conditions and work rules in effect for mainline operations. At such time, the current Article 1.10.02; the LCC Equipment/Status ratings in Article 25.01.02; LOU 51 (LCC); LOU 56 (YEG Base); LOU 58 (ZIP J-Class) and any other reference to "LCC" will be deleted from the collective agreement.

4. **Edmonton Base:** Equipment Bid 04-01 will reflect the closing of the Edmonton base under the normal provisions of Article 25.

5. **Cargo Operation:** The Association hereby consents to the creation of the new cargo company contemplated in the Restated DB Standby Purchase Agreement ("the Cargo Company") as per Schedule E attached.

6. **A340-500 Pay Rates:** Pay rates for the two (2) A340-500's (Fin #951 & #952) will be the A330/340 rates currently in effect.

7. **ACP / AFI / LITC Pay Rates:** Monthly pay for Acting Check Pilots and Acting Flight Instructors will be based on the applicable DMM for qualified position. Monthly overrides for ACP's and AFI's will be reduced by one third. LITC pay rates will be reduced by 15% from 20 dollars to 17 dollars per hour.

8. **Report Time:** When operating, the flight duty period shall commence 1:15 hours prior to the scheduled departure, or the required reporting time, whichever is later, and shall end 15 minutes after the actual arrival.

9. **Draft Premium:** Draft premiums will be reduced by 50% to 1.25.

- 10. Designated Monthly Maximums – A319/320/321:** The designated monthly maximum will be amended by the following parameters.
- a) The variable designated monthly maximum for the A319/320/321 fleet shall be in the range of 70 to 87 hours. In any month where a pilot's flight time credits exceed 85 hours or the DMM, whichever is greater, those hours in excess of 85 hours or the DMM, whichever is greater, less any credits applied from the pilots bank will attract a 50% premium which will be cash cleared.
 - b) In awarding blocks to pilots on the A319/320/321, the maximum number of days worked shall be sixteen (16) days per block month. However, the PBSC will have the authority to increase this cap to seventeen (17) days per block month. In addition, pilots will have the option to increase their individual cap in increments of one (1) day up to a maximum of 20 days.
 - c) The annual calendar total maximum hours must fall in the range of 900 to 1020 hours for the A319/320/321 fleet.
 - d) The difference between the DMM for the A319/320/321 fleet at different bases will be increased so as not to exceed 4 hours monthly and 36 hours annually.
- 11. Group Disability Income Plan – Pilots:** Under the terms of the plan, monthly benefits during the first year of disability will be decreased from 75% to 60%. This change will only take effect in the second block month following ratification of this MOA. The change will not apply to pilots currently on GDIP or returning to GDIP under the provisions of Article 26.03.03.02.02.
- 12. Sick Leave:** Sick leave under Article 19 of the Collective Agreement will be paid out at 90% of actual value for Blockholders only. Using sick leave for topping up GDIP benefits will be at 100% of actual value for all pilots.
- 13. Reinstatement Rights:** The Association agrees to waive the increase in pay rates due June 2, 2004 under the terms of LOU #61 – Reinstatement Rights – Article 25.08. The change to the reinstatement rights shall remain incorporated within the Collective Agreement.
- 14. Pay Protection:** The Company will apply the union's interpretation of the Collective Agreement as of the first day of the block month following ratification. The parties will meet in good faith to discuss options to enhance productivity and address Air Canada's concerns.
- 15. A32.01.08 - Layoff and Recall:** Pilots on furlough are entitled to the following until they are recalled:
- i. Group Employee Benefit Programs with the exception of GDIP. The pilot shall pay the full cost (100%) of the premium.

These changes are in addition to those incorporated into the June 17, 2003 MOA.

- B. Schedule A to AC – ACPA Memorandum Of Agreement May 15, 2004 –** forms part of this Memorandum of Agreement.
- C. Schedule B - Early Retirement Incentive Program (ERIP):** A special one time ERIP will be implemented to entice eligible pilots to elect early retirement prior to September 30, 2005.
- D. Equipment Bid 04-01:** Equipment Bid 04-01 may be delayed to July 31st in order to facilitate the granting of ERIP awards.

- E.** This Memorandum of Agreement is conditional upon the following:
- a) All employee groups including management meeting their cost savings targets.
 - b) Air Canada, through its Executive Vice-president Paul Brotto shall provide to the undersigned union a copy of each of the term sheets and MOA's for all Air Canada and Jazz unionized and non-unionized employee groups along with the estimated cost savings identified for each group.
 - c) The Company, Deutsche Bank, GECAS or any equity investor will not require further changes to the Collective Agreement during the CCAA process.
 - d) Details of this agreement will be incorporated into the Collective Agreement along with the changes contained in the Memorandum of Agreement dated June 17, 2003.
- F.** This Memorandum of Agreement and the clean slate certificate governing grievances covered by Schedule C are conditional upon completion of the Standby Purchase Agreement and the successful emergence of Air Canada from CCAA.
- G. Schedule C – Clean Slate Agreement**
- H. Schedule D – Letter of Agreement** will form part of this Memorandum of Agreement.
- I. Schedule E – Collective Agreement Changes** will form part of this Memorandum of Agreement.
- J. This Memorandum of Agreement** will be subject to ratification by the Association's members, which shall be completed no later than June 30, 2004.
- K.** Unless otherwise stated in this **Memorandum of Agreement**, all terms and conditions of this Memorandum of Agreement will take effect in the first block month following ratification.
- L.** The Company agrees to pay, subject to the Monitor's approval, all legal, actuarial and benefits advisor fees and expenses incurred by ACPA in connection with the CCAA restructuring process begun April 1, 2003.

Agreed in Toronto this 4th day of June 2004.

For: AIR CANADA

For: ACPA

AC – ACPA MEMORANDUM OF AGREEMENT MAY 15, 2004 – SCHEDULE A

ITEM	PROPOSAL	LAB	NON-LAB	BFTS*	TTL	FTE
B767 ti J – NGO and Western Arrows	O B767-300 PBH in domestic J configuration June-October on YVR-NGO and only for substitution for mechanical or misconnection on Western Arrows		0.5	0.0	0.5	
Junior Pay Basket	Create pay basket for FO-EMB / RP767 IRP340	1.2	1.0	0.2	2.3	13
ZIP to Mainline	Move Zip to Mainline narrowbody airbus at 95% for the total A320 Fleet	10.8	3.9	1.1	15.8	7
	Close YEG Base	0.6		0.1	0.6	4
Cargo Operation	Cargo Wet Lease operation including international and North-American Cargo operations	3.4		0.4	3.9	
A340-500 Pay Rate	Establish pay rate for 2 A340-500 as per current A3301340 with the credit based on Outhouse solution	0.7		0.1	0.8	
ACP / AFI / LITC	a) Supervisory pay to be based DMM for qualified position					
	b) Reduce supervisory overrides by 33%	2.0		0.2	2.2	
Report Time	Increase pre-flight report time from 1:00 to 1:15, decrease post-flight debrief time from 0:30 to 0:15	1.9		0.2	2.1	
Draft Premium	Reduce Draft premium to 25%	0.6		0.1	0.7	
DMM Base Variance A320	Increase variance between bases for Airbus Narrow Body fleet only to 4 hours, max 36 hours per year	1.2		0.2	1.4	
GDIP	Reduce GDIP benefit during first year of GDIP from 75% to 60% of monthly earnings		1.9	0.0	1.9	
Sick Credit	Blockholders sick pay reduced by 10%	1.9		0.2	2.2	
DMM for A320 fleet	Increase upper limit of annual calendar total maximum hours to 1020; Max DMM increased to 87 & Overtime paid above 85 or DMM, whichever is greater	2.8		0.3	3.2	10
Reinstatement Rights	Waive pay increase planned for June 2004 associated with LOU61 (Reinstatement Rights)	0.9		0.1	1.0	
TOTAL		28.0	7.2	3.3	38.5	34

Agreed subject to reaching agreement on language of Memorandum of Agreement and the Collective Agreement

For Air Canada

For the Air Canada Pilots Association

AC – ACPA MEMORANDUM OF AGREEMENT MAY 15, 2004 – SCHEDULE B

LOU 60 – EARLY RETIREMENT INCENTIVE PROGRAM

The Company and ACPA have agreed to a special one time Early Retirement Incentive Program (ERIP). The ERIP provides for monthly payments for those eligible pilots as an incentive to elect early retirement.

Accordingly the parties agree to the following:

- L60.01 General
 - L60.01.01 This program has been designed to meet certain economic criteria defined by the Company and granting of any ERIP award shall be consistent with these criteria. Only members of the bargaining unit as of June 1, 2004 shall be eligible for this Program.
 - L60.01.02 A minimum of 100 pilots will be granted an early retirement incentive under this program. Any additional applications will be considered subject to an agreement between the Company and the Association on the mitigation of the cost to the Company of those additional incentive awards.
 - L60.01.03 All incentive awards will be granted in order of system seniority.
- L60.02 Eligibility:
 - L60.02.01 Pilots who have reached a minimum of fifty (50) years of age as at the date of retirement and who have completed at least twenty-five (25) years of allowable service or who have age plus allowable service equal to eighty (80), consistent with the early retirement eligibility requirements of the respective Pension Plan/Retiree Benefit rules.
 - L60.02.02 A participant must be an active line pilot on the payroll as of seven days prior to the posting of Equipment Bid 04-01. Participants, exclusive of pilots qualified on the B747 aircraft, must as of the above date have a minimum of twelve (12) months of active service remaining prior to mandatory retirement. Pilots qualified on the B747 must, as of the above date, have a minimum of six (6) months remaining prior to mandatory retirement.
 - L60.02.03 All applications will be reviewed for eligibility. All applicants may indicate a preference for a late retirement date in seniority on their qualified position. In addition, all applicants shall be permitted to elect a retirement date in 2005, if available. If a retirement date in 2005 is elected and not available, the application will be rejected. Otherwise, retirement dates will be at the sole discretion of the Company with due regard to seniority. The granting of any ERIP award shall be consistent with this criteria.
- L60.03 Once an ERIP application has been approved and confirmed by the Company, it is considered as final and cannot be rescinded by the pilot.
- L60.04 All participants in the ERIP will retire on a date as specified by the Company, but not later than September 30, 2005.
- L60.05 An Air Canada pilot, who is a member of the Air Canada Pension Plan – Pilots, retiring in 2004 under the ERIP shall have his total pension, as calculated under the Air Canada Pension Plan – Pilots, based on Maximum Pension Units (MPUs) applicable in 2005 rather than MPUs applicable in 2004. A pilot retiring in 2005 under the provisions of this program shall have his total pension based on MPUs applicable in 2006 rather than MPUs applicable in 2005.

An Air Canada pilot, who is a member of the Pension Plan for Pilots from the former Canadian Airlines International Ltd. ("CAIL Pilots Pension Plan"), retiring in 2004 under the ERIP, shall have his total pension, as calculated under the CAIL Pilots Pension Plan and the Supplemental Retirement Benefit, based on a Maximum Pension Unit (MPU) applicable in 2005 rather than the MPU applicable in 2004. A pilot retiring in 2005 under the provisions of this program shall have his total pension based on MPUs applicable in 2006 rather than MPUs applicable in 2005. The relevant provisions of the Adams-Award will apply.

- L60.06 All pilots approved under this ERIP shall be entitled to a taxable monthly incentive payment for a period of three (3) years (36 months), regardless of retirement date. The monthly incentive payment will be in accordance with the following:
- L60.06.01 Pilots holding a qualified position of LCC Captain or above as defined in Article 25 will receive three thousand seven hundred fifty dollars (\$3,750) a month, (\$135,000 for the life of the program). Incentive payments will commence coincident with the employee's commencement of pension benefits and ending with the 36th month of payment. In the event the employee deceases prior to the end of the scheduled payments the remaining payments will go to the employee's estate.
- L60.06.02 Pilots holding a qualified position below LCC Captain as defined in Article 25 will receive two thousand eighty four (\$2084) dollars a month, (\$75,000 for the life of the program). Incentive payments will commence coincident with the employee's commencement of pension benefits and ending with the 36th month of payment. In the event the employee deceases prior to the end of the scheduled payments the remaining payments will go to the employee's estate.

Note: All incentive payments shall be subject to all statutory tax withholdings.

- L60.07 No amendment will be made to the Air Canada Pension Plan – Pilots or to the CAIL Pilots Pension Plan; any additional pension benefit and /or incentive benefit provided under this Letter Of Understanding shall be paid directly from Air Canada's general revenues. For greater clarity, the additional pension benefits generated by the application of accelerated MPU's in point .05 above will be paid directly from Air Canada's general revenues.
- L60.08 This LOU is subject to approval by the Air Canada Board of Directors and ratification by the members of ACPA, the process of which will be concluded as soon as possible.
- L60.09 It is agreed and understood that this LOU is for a specific and unique situation and, as such, will not in any way prejudice ACPA or the Company's right(s) or position(s) in any other situations, Further, the company and ACPA agree this LOU will not be cited or used as precedent to cover other situations.

IN WITNESS WHEREOF, the parties hereto have signed this Memorandum of Agreement this _____ day of June 2003.

FOR: AIR CANADA

FOR: AIR CANADA PILOTS ASSOCIATION

ANNEX 1

"Clean Slate" Provisions

For the purposes of this certificate, the following definitions shall apply:

"amount" of a Claim shall be deemed to be (a) the sum of any monetary payments which is or may be payable by an Applicant to The Air Canada Pilots Association hereinafter the "Bargaining Agent" or any present or former employee represented by Bargaining Agent; or (b) the reasonably estimated annual cost of compliance by any Applicant with any order or direction that is or may be made in consequence of or arising from a Claim.

"Applicants" means any of the Applicants to the CCAA proceedings or their successors.

"Claim" means any existing or past fact, circumstance or practice (if maintained or continued without material alteration) known or which ought reasonably to have been known as of the date hereof which, alone or in combination, may give rise to a claim against any Applicant by the Bargaining Agent on its own behalf or on behalf of any present or former employee represented by the Bargaining Agent providing that "Claim" shall be deemed to exclude for all purposes Compromised Claims

"Compromised Claims" means claims which have been filed in the CCAA process and which the undersigned acknowledges to be subject to compromise in the CCAA proceedings. It is agreed that all matters on the proofs of claim filed and grievance lists exchanged with the Applicants which are not on the schedule referred to in paragraph [4] hereof are acknowledged to be Compromised Claims.

"Known or which ought reasonably to have been known" means facts circumstances or practices which (a) have continuously existed (in an open and notorious fashion known by a trade union official responsible for filing grievances) for six or more months prior to May 15, 2004 or (b) have been the subject of a grievance or have been considered by a trade union official responsible for filing grievances as the subject of a possible grievance.

"Materiality Threshold" means the amount to be conclusively determined by the Monitor in respect of each Bargaining Unit which shall be the share of each such Bargaining Unit of the sum of \$3 million calculated on a pro rata basis proportionate to the 2003 consolidated payroll (including benefits but excluding deficit amortization) of the Applicants. The amount of the Materiality Threshold is stated below.

The undersigned Bargaining Agent hereby certifies to the Applicants as follows:

1. As of today's date, there exist no Claims which, alone or in combination with other Claims, exceed the Materiality Threshold in amount – for September 30 certificate only.
2. Subject to Paragraph 4, the undersigned hereby waives, abandons, compromises or settles any Claims, or that portion of any Claims which, alone or in combination with other Claims, exceeds the Materiality Threshold in amount such that under no circumstances shall the Applicants be required to make payments or incur expenses arising from any Claims beyond the Materiality Threshold.
3. This certificate is acknowledged to be provided in exceptional circumstances in connection with the CCAA proceedings. It is provided on the express understanding that:
 - (a) any Claim waived, abandoned, compromised or settled with prejudice as a result of the negotiations leading to the delivery of this certificate shall not constitute a precedent able to be relied upon for future use and shall apply solely to the specific factual issues raised by such grievances;

- (b) neither party shall use the fact of any such settlement or refer to this certificate in respect of any future grievance concerning the interpretation of the collective agreement or alleged breaches thereof except in relation to the matters specifically provided for herein; and
 - (c) this certificate applies only to the activities currently undertaken by the Applicants and shall not be construed as applying to any new practices or procedures or to any material alteration to existing practices and procedures.
4. The grievances on the schedule attached are agreed not to be subject to the provisions hereof providing they are resolved or settled on or before Closing. The relevant Applicant and the Bargaining Agent have entered into a binding agreement to implement a procedure to ensure that such grievances are resolved on an expedited basis and implemented prior to Closing and on a without prejudice/without precedent basis. The parties have also developed a similar procedure governing the expeditious resolution of grievances filed after May 15, 2004 but before Closing.
 5. In the event of any dispute regarding the interpretation or application of this certificate, the relevant Applicant and the Bargaining Agent hereby refer the matter to separate binding arbitration pursuant to the Canada Labour Code before Martin Teplitsky or, failing him, such other arbitrator as the parties may select or as may be appointed by Mr. Justice W. Winkler, who shall have exclusive, final and binding jurisdiction to determine the matter. Neither Martin Teplitsky nor any other arbitrator appointed pursuant to this provision shall have jurisdiction to deal in any way with the merits of any grievance arbitration or any preliminary matter pertaining to the arbitrability of such grievance, save and except with respect to the interpretation or application of this certificate.
 6. This certificate is to be executed and delivered on May 15, 2004 and repeated as of Closing. [There shall be a separate certificate for each Bargaining Unit.]

Air Canada

Per:

I have the authority to bind.

The Air Canada Pilots Association

Per:

I have the authority to bind.

Materiality Threshold

\$672,610

Schedule to Paragraph 4 of the Clean Slate certificate
(Schedule A)

1 to 17 – individual Grievances

- 18. Procedure for Completing Crew Complement (24-Apr-03)**
- 19. Scope - Aeroplan 2 – Creation of Specialty Co. (25-Apr-02) and Scope – Redemption of Aeroplan points on other airlines (10-Jul-01).** Notwithstanding the Clean Slate Certificate, the parties agree that these matters will be referred to arbitration pursuant to the collective agreement, rather than the expedited arbitration procedure referred to in paragraph 4 of the Clean Slate Certificate. If these matters cannot be resolved by September 30, 2004, the parties agree that the May 15th Clean Slate Certificate will not apply, and that these matters will be dealt with under the Clean Slate Certificate due on Closing. In that regard, ACPA reserves its right to refuse to sign a Clean Slate Certificate on Closing if a mutually satisfactory settlement on these issues, or an arbitrator's decision, has not resolved these matters.

ACPA
Schedule B
Grievances Resolved

The following grievances are resolved without any monetary liability for Air Canada, other than the right of ACPA to file such as a Compromised Claim with the amount to be determined under the Grievance Claims Procedure Order or any other process determined under the CCAA proceedings. ACPA reserves its right to grieve and seek damages not covered by the Materiality Threshold set out in the Clean Slate Certificate, should there be a future change to any practice identified in the following grievance resolutions.

2. **Scope – U.S. Based Feeders (30-Apr-03):** Withdrawn. The parties agree that, for the purpose of the Clean Slate Certificate, the Air Wisconsin route (YWG-ORD) and any current U.S. Tier 3 arrangements are a current practice. Other U.S. Tier 3 arrangements will not be considered an existing or past fact, circumstance or practice.
3. **Scope – Transfer of Flying to Jazz (25-Aug-03):** Settled. As of May 15, 2004, there were 171 pilots on furlough. The furlough of additional pilots will not be considered an existing or past fact, circumstance or practice.
4. **Simco Leasing Ltd. (16-Apr-03):** Withdrawn. Based on Air Canada representations as of May 15, 2004, Simco Leasing Ltd. does not meet the definition of Specialty Co.
5. **Manoir International Finance Ltd. (16-Apr-03):** Withdrawn. Based on Air Canada representations as of May 15, 2004, Manoir International Finance Ltd. does not meet the definition of Specialty Co.
6. **Air Canada Capital Ltd. (16-Apr-03):** Withdrawn. Based on Air Canada representations as of May 15, 2004, Air Canada Capital Ltd. does not meet the definition of Specialty Co.
7. **Wingo Leasing Ltd. (16-Apr-03):** Withdrawn. Based on Air Canada representations as of May 15, 2004, Wingo Leasing Ltd. does not meet the definition of Specialty Co.
8. **3838722 Canada Inc. (16-Apr-03):** Withdrawn. Based on Air Canada representations as of May 15, 2004, 3838722 Canada Inc. does not meet the definition of Specialty Co.
9. **ACETEK – Creation of Specialty Co. (25-Apr-02):** Withdrawn. Based on Air Canada representations as of May 15, 2004, ACETEK does not meet the definition of Specialty Co.
10. **Scope - Air Canada Technical Services – Creation of Specialty Co. (25-Apr-02):** Withdrawn. Based on Air Canada representations as of May 15, 2004, ACTS does not meet the definition of Specialty Co.
11. **Scope - Tracor (15-Oct-02):** Withdrawn. Based on Air Canada representations as of May 15, 2004, Tracor does not meet the definition of Specialty Co.
12. **Scope – Ground Handling (21-Feb-03):** Withdrawn. Based on Air Canada representations as of May 15, 2004, Ground Handling does not meet the definition of Specialty Co.
13. **Scope – Executive Travel (25-Apr-02).** Withdrawn. The parties agree that the matter grieved concerned a discrete event and does not constitute a practice within the meaning of the Clean Slate Certificate.
14. **Scope – Jets at ACR (24-Apr-02).** Withdrawn. This matter has been settled pursuant to the Settlement Agreement reached with Martin Teplitsky.

15. **Layoffs 2001** (09-Sep-01): Withdrawn. The parties agree that this matter concerned a one-time event and does not constitute a practice within the meaning of the Clean Slate Certificate.
16. **Air Canada Cargo Wet Lease 2** (30-Apr-03): Based on Air Canada representations as of May 15, 2004, the matter is withdrawn.
17. **Zip Non-scheduled International Flights** (30-Apr-03): Withdrawn. The parties agree that this matter concerned a one-time event that has been announced but not implemented and therefore does not constitute a practice within the meaning of the Clean Slate Certificate.
18. **Activation Pay and/or Dates as a Result of Bid 03-01** (19-Nov-03). Withdrawn. The parties agree that this matter concerned a one-time event and does not constitute a practice within the meaning of the Clean Slate Certificate.
19. **Unscheduled Deadheads** (29-Nov-03): Resolved. The parties have agreed to enter into a Letter of Understanding that will deal with deadheading under Article 12 of the Collective Agreement. The Letter of Understanding will address the following principles:
 - (a) For a blockholder, once a pairing is awarded (including via PBS, draft or Make-up), any subsequent change of an operating flight(s) to any deadhead(s) will attract full pay and flight time credits.
 - (b) For a pairing awarded to a Reserve pilot, once checked-in for flight duty, any subsequent change of an operating flight(s) to any deadhead(s) will attract full pay and flight time credits.
20. **Transborder Meal Expenses** (19-Nov-03): Settled. The issue raised in this grievance is referred to the MASC Committee for resolution.
21. **EMA Deductions** (27-Nov-03): Resolved pursuant to the parties' agreement.
22. **Hot Meals on Zip Aircraft** (01-Apr-04): Withdrawn. Based on Air Canada's representation as of May 15, 2004 that a hot meal cannot now be provided on Zip, the grievance is withdrawn.
23. **Scope – Skyjet** (no grievance): Based on Air Canada representations as of May 15, 2004 that the commercial agreement has ceased in February 2004, the parties agree that this matter concerned a one-time event and does not constitute a practice within the meaning of the Clean Slate Certificate.
24. **Scope – Air NorTerra Flying** (01-Nov-01): Withdrawn. The parties agree that this matter concerned a one-time event and does not constitute a practice within the meaning of the Clean Slate Certificate.
25. **Scope – Fleet Guarantee** (09-Nov-02): Withdrawn
26. **Scope – ACR Domestic Code Share** (25-Apr-02): withdrawn
27. **Scope – Tier 3 Ratio** (25-Apr-02): Withdrawn. The parties agree that this ratio is evaluated using data calculated no more frequently than quarterly. Based on quarterly data, Air Canada represents as of May 15, 2004 that it is in compliance with the Collective Agreement. This resolution is not an acknowledgment by either party that the Tier 3 ratio must be evaluated quarterly.
28. **Scope – Jazz Code Share – Flying** (15-Aug-02): Withdrawn. The parties agree that this matter does not constitute a practice within the meaning of the Clean Slate Certificate.

- 29. Scope – Jazz Wet Lease (2)** (28-Nov-02): Withdrawn. The parties agree that this matter concerned a one-time event and does not constitute a practice within the meaning of the Clean Slate Certificate.
- 30. Scope A340/A340-500 Crew Rest Facilities** (05-July-02): Settled. The agreement reached with the assistance of Martin Teplitsky on the crew rest unit for the two new A340-500 aircraft will apply. The grievance is withdrawn with respect to crew rest units for the existing A340 fleet. The introduction of any additional A340 aircraft in the Air Canada fleet will not be considered an existing or past fact, circumstance or practice. ACPA reserves the right to make any representations it sees fit to Transport Canada.
- 31. Pay Protection** (09-Nov-01) Settled. The Company will apply the union's interpretation of the Collective Agreement as of the first day of the block month following ratification. The parties will meet in good faith to discuss options to enhance productivity and address Air Canada's concerns.
- 32. Former Canadian Pilots Bonus Entitlement:** Withdrawn.
- 33. Health Benefits Deductions** (27-Nov-03): Withdrawn.
- 34. Across-the-Board Payment** (12-Feb-04): Withdrawn.
- 35. Scope - Destina 2 – Creation of Specialty Company** (25-Apr-02) and **Scope: Destina 1 – Flying performed on behalf of Air Canada** (25-Apr-02): Based on Air Canada representations as of May 15, 2004 that Destina is a company involved in the marketing of online travel services and does not meet the definition of Specialty Co., the matter is withdrawn.
- 36. Scope – Flying performed by other airlines for AC Vacations** (10-Jul-01): Withdrawn. Based on Air Canada's representations as of May 15, 2004 that Air Canada Vacations is not engaged in a current practice that is a breach of Article 1.03.01 of the Collective Agreement, ACPA agrees not to re-file its grievance dated July 10, 2001.
- 37. Scope – Flying performed by other airlines for Cargo** (10-Jul-01) and **Scope – Cargo – Creation of Specialty Company** (21-Feb-03) Withdrawn. Air Canada acknowledges that it has an obligation, pursuant to Article 1.10.01 to seek ACPA's express written consent to the creation of Air Canada Cargo, as contemplated by Air Canada's restructuring plan, as a Specialty Company. Pursuant to this obligation, Air Canada has sought and obtained ACPA's consent, as provided in the Memorandum of Agreement implementing the May 15, 2004 concessions term sheet. On this basis, ACPA states that it will not grieve the creation of Air Canada Cargo.
- Based on Air Canada's representations that Air Canada Cargo, as a division of Air Canada, is not engaged in a current practice that is a breach of Article 1.03.01 of the Collective Agreement, ACPA agrees not to re-file its grievance dated July 10, 2001.
- 38. Scope – Transborder Code Share Percentage** (25-Apr-02) and **Scope – International Code Share Percentage** (27-Sept-02): The grievances may proceed pursuant to the Clean Slate Certificate as follows:
- (a) The parties agree to engage in a process to determine the percentage of transborder and international code share flying, as of September 28, 2000 and as currently existing as of May 15, 2004 (“the current practice”). If the parties cannot agree on these benchmarks by May 15, 2005, this determination of the benchmarks shall be referred to binding arbitration under the collective agreement.
 - (b) Air Canada agrees that it will comply with the provisions of Article 1.08.03 to make all reasonable efforts to maintain the September 28, 2000 percentage of transborder and international code share flying by no later than January 1, 2007.

- i. Any damages suffered as a result of a breach of paragraph b) above for the period from January 1, 2007 to July 1, 2009, determined by way of agreement of the parties or by arbitration pursuant to the collective agreement, will be subject to the "Materiality Threshold" as set out in the Clean Slate Certificate, i.e. the net cost to Air Canada of implementing any award shall be no greater than the unused portion of the Materiality Threshold which amount shall include the cumulative amount of the Materiality Threshold which has not been used prior to such time.
 - ii. No monetary damages can be sought by ACPA or ordered by an arbitrator for any period prior to January 1, 2007 for a breach of paragraph b) above.
- (c) Air Canada agrees that any material change to the current practice between May 15, 2004 and January 1, 2007, to the detriment of ACPA members, will be considered a material alteration within the meaning of the Clean Slate Certificate. Should ACPA file a grievance on the basis of such material alteration, the issue before the arbitrator will be whether Air Canada has "made all reasonable efforts to maintain its May 15, 2004 benchmark for transborder and international code share flying".
- (d) On the basis of this settlement, ACPA withdraws its grievances on a without precedent basis.

39. Progression of Wage Scales (16-Apr-03): Withdrawn.

40. Activation and/or Pay Dates Effective April 1, 2003 (16-Apr-03): Withdrawn.

41. Payment of Bonus Due April 2, 2003 (16-Apr-03): Withdrawn.

42. 2.5% Salary increase Due April 2, 2003 (16-Apr-03): Withdrawn.

43. Individual Grievance - Withdrawn.

44. Individual Grievance - Withdrawn.

45. Individual Grievance - Withdrawn.

46. Individual Grievance - Withdrawn.

47. Individual Grievance - Withdrawn.

48. Individual Grievance - Withdrawn.

Note: This Schedule B replaces and supercedes any prior agreement entered into between the parties with respect to the grievances settled herein.

ACPA
Schedule C

Grievances Which Continue Pursuant to the Clean Slate Certificate. Subject to the Materiality Threshold

1. Flight Advance Payments
2. Article 11 – Removal of Captain From their Awarded Pairings and Reassigning Them Inappropriately
3. Individual Grievance
4. Scope: Code Share – Information Required (27-Dec-00)
5. Scope: Information Required not Provided (25-Apr-02)
6. Probationary Period – New Hires (25-May-99)

ACPA
Schedule D

The following grievances shall constitute "Compromised Claims" within the meaning of the Clean Slate Certificate, and the factual context underpinning the grievances and the resolution of these grievances shall be without precedent to the parties. The parties agree that these grievances concern discrete events and do not constitute an existing or past fact, circumstance or practice within the meaning of the Clean Slate Certificate.

These grievances will be resolved by September 30, 2004 under the Grievance Claims Procedure Order or if the parties mutually agree on a case by case basis, under the Expedited Arbitration Procedure of the ACPA Collective Agreement, and shall be acknowledged as "Compromised Claims" solely with respect to any monetary obligations of Air Canada with respect to the period prior to April 1, 2003.

1. to 16 – **Individual Grievances**

Schedule E

CLARITY NOTES CLEAN SLATE CERTIFICATE

Air Canada and Air Canada Pilots Association desire to clarify their understanding and interpretation of certain of the provisions of an agreement and certificate entered into by them of same date in a general form (the "Clean Slate Certificate") by way of the following understandings:

1. ACPA shall be entitled to allocate its pro rata share of the Materiality Threshold at its discretion.
2. By delivering the Clean Slate Certificate as of May 15, 2004 ACPA has no legally binding obligation to deliver the second certificate as of Closing, notwithstanding the reference to the form of the Closing certificate in the document as signed.
3. At any time prior to Closing, ACPA shall have the sole right to elect that any grievance or Claim listed on the Schedule referred to in paragraph 4 of the Clean Slate Certificate shall be designated to be a Compromised Claim and upon such designation such shall be removed from the Schedule.
4. For greater clarity, Air Canada confirms that "Materiality Threshold" and ACPA's pro rata share thereof is an annualized figure. For example, if ACPA had a \$10,000 "one-time" claim in the pipeline on Closing plus a further claim having a \$90,000 annual cost over the next five years, upon final determination of those claims, ACPA would be considered as fully using a \$100,000 portion of its Materiality Threshold.
5. Air Canada agrees, and the Monitor consents, pursuant to section 8 of the Claims Procedure Order of September 18, 2003 to permit ACPA to amend its filed Restructuring Claim within thirty (30) days hereof to add claims in respect of all Compromised Claims arising under the Clean Slate Certificate and in respect of the additional concessions requested by Air Canada and granted by the collective agreement amendments agreed as of this date, subject to ratification.
6. For the purposes of the Clean Slate Certificate, the parties agree that the definition of "known or which ought reasonably to have been known" will be construed as if subsection (b) read "...is the subject of an unresolved grievance or has been considered by a trade union official responsible for filing grievances as the subject of a possible grievance."
7. For the purposes of the Clean Slate Certificate and any arbitration arising under it, the parties agree that, in determining whether a fact, circumstance or practice has or has not been considered by a trade union official responsible for filing grievances as the subject of a possible grievance, a statement, either written in the form of a sworn declaration or as oral evidence in an arbitration proceeding from the relevant union official, shall be conclusive evidence of such fact.
8. For the purposes of the Clean Slate Certificate and any arbitration arising under it, facts, conditions or practices shall only exist from, after and to the extent that such have been actually implemented in operations of Air Canada and shall not exist when only discussed or announced.
9. Air Canada represents that A.C. Aviation Enterprises, which is intended to be the company that will wholly own Air Canada, has not been incorporated as of May 20, 2004. The parties agree that any existing or prior announcement relating to A.C. Aviation Enterprises (as it is intended to exist or as may be renamed), does not constitute an existing or past fact, circumstance or practice within the meaning of the Clean Slate Certificate.

Schedule F

Clean Slate Expedited Arbitration Process

The provisions of the Collective Agreement are amended by the following grievance arbitration process for all grievances listed on the schedule attached to the "Clean Slate" Certificate, and all grievances filed after May 15, 2004 and before Closing that are intended by the bargaining agent to be dealt with in the same expedited manner as those grievances listed on the schedule.

1. Martin Teplitsky is appointed as Chief Arbitrator and will have jurisdiction over the process, including the power to coordinate the process, to schedule hearing dates and to determine hours and location. If he is unwilling or unable to act, the Chief Arbitrator will be selected by the parties or failing agreement, will be appointed by Mr. Justice Winkler.
2. The parties agree to the following arbitrators in addition to the Chief Arbitrator:

Kevin Burkett
Claude Foisy
Rob Herman
William Kaplan
David Kates
Bruce Outhouse
Ron Keras
Debra Leighton
Morton Mitchnick
Kathleen O'Neil
Dana Randall

3. The parties can mutually agree to select arbitrators that do not appear on the list above if necessary to complete the adjudication of all grievances on the schedule before September 30, 2004. If the parties cannot agree on an arbitrator to hear a matter, the Chief Arbitrator will have jurisdiction to select an arbitrator from the agreed list of arbitrators set out at paragraph 2 or any other arbitrator.
4. Each arbitrator shall hear and decide these matters as expeditiously as possible, and will render a decision by September 15, 2004, to allow for its implementation by no later than September 30, 2004.
5. Subject to the agreement of the parties or by Order of the Chief Arbitrator, all grievances will be heard on the basis of five page written briefs (not including relevant documents) and oral submissions. The briefs will contain each party's version of the facts, the issues and the relevant legal principles. The briefs will be exchanged between the parties and provided to the arbitrator at least five days in advance of the hearing. No evidence will be presented unless the parties agree, or on the request of a party where the arbitrator concludes that a witness should be called to assist in the fair adjudication of the dispute. This paragraph does not apply to the following grievances listed as items 1, 4 to 8, and 14 to 16 on the Schedule to paragraph 4 of the Clean Slate Certificate (Schedule A). For these grievances, the parties will cooperate to ensure that these matters are resolved by September 15, 2004.

6. All decisions are without precedent and shall only have application to the particular grievance at issue. Such decision cannot be relied upon by either party in any other proceedings.
7. All decisions and remedies of arbitrators will be implemented expeditiously and all monetary remedies awarded by arbitrators will not be subject to compromise under the *Companies' Creditors Arrangement Act*.
8. Until an arbitrator is appointed to hear a grievance, the Chief Arbitrator will have exclusive jurisdiction over all requests for interim orders. After having heard the parties (by conference call or otherwise), the Chief Arbitrator or arbitrator appointed to hear the grievance will have power to issue binding decisions on short notice (within 72 hours). The Chief Arbitrator will have all the powers to issue interim orders under the *Canada Labour Code* to prohibit certain actions pending resolution on the merits of the grievance.

"Clean Slate Certificate
dated as of September 30, 2004

For the purposes of this certificate, the following definitions shall apply:

"amount" of a Claim shall be deemed to be (a) the sum of any monetary payments which is or may be payable by an Applicant to the Air Canada Pilots Association hereinafter the "Bargaining Agent" or any present or former employee represented by Bargaining Agent; or (b) the reasonably estimated annual cost of compliance by any Applicant with any order or direction that is or may be made in consequence of or arising from a Claim.

"Applicants" means any of the Applicants to the CCAA proceedings or their successors.

"Claim" means any existing or past fact, circumstance or practice (if maintained or continued without material alteration) known or which ought reasonably to have been known as of the date hereof which, alone or in combination, may give rise to a claim against any Applicant by the Bargaining Agent on its own behalf or on behalf of any present or former employee represented by the Bargaining Agent providing that "Claim" shall be deemed to exclude for all purposes Compromised Claims.

"Compromised Claims" means claims which have been filed in the CCAA process and which the undersigned acknowledges to be subject to compromise in the CCAA proceedings. It is agreed that all matters on the proofs of claim filed and grievance lists exchanged with the Applicants are acknowledged to be Compromised Claims.

"Known or which ought reasonably to have been known" means facts circumstances or practices which (a) have continuously existed (in an open and notorious fashion known by a trade union official responsible for filing grievances) for six or more months prior to September 30, 2004 or (b) have been the subject of a grievance or have been considered by a trade union official responsible for filing grievances as the subject of a possible grievance.

"Materiality Threshold" means the amount to be conclusively determined by the Monitor in respect of each Bargaining Unit which shall be the share of each such Bargaining Unit of the sum of \$3 million calculated on a pro rata basis proportionate to the 2003 consolidated payroll (including benefits but excluding deficit amortization) of the Applicants. The amount of the Materiality Threshold is stated below.

The undersigned Bargaining Agent hereby certifies to the Applicants as follows:

1. As of today's date, there exist no Claims which, alone or combination with the other Claims, exceed the Materiality Threshold in amount.
2. The undersigned hereby waives, abandons, compromises or settles any Claims, or that portion of any Claims which, alone or in combination with other Claims, exceed the Materiality Threshold in amount such that under no circumstances shall the Applicants be required to make payments or incur expenses arising from any Claims beyond the Materiality Threshold.
3. This certificate is acknowledged to be provided in exceptional circumstances in connection with the CCAA proceedings. It is provided on the express understanding that:
 - a) Any Claim waived, abandoned, compromised or settled with prejudice as a result of the negotiations leading to the delivery of this certificate shall not constitute a precedent able to be relied upon for future use and shall apply solely to the specific factual issues raised by such grievances;

- b) Neither party shall use the fact of any such settlement or refer to this certificate in respect of any future grievance concerning the interpretation of the collective agreement or alleged breaches thereof except in relation to the matters specifically provided for herein; and
- c) This certificate applies only to the activities currently undertaken by the Applicants and shall not be construed as applying to any new practices or procedures or to any material alteration to existing practices and procedures.

4. Intentionally left blank

5. In the event of any dispute regarding the interpretation or application of this certificate, the relevant Applicant and the Bargaining Agent hereby refer the matter to separate binding arbitration pursuant to the Canada Labour Code before Martin Teplitsky or, failing him, such other arbitrator as the parties may select or as may be appointed by Mr. Justice W. Winkler, who shall have exclusive, final and binding jurisdiction to determine the matter. Neither Martin Teplitsky nor any other arbitrator appointed pursuant to this provision shall have jurisdiction to deal in any way with the merits of any grievance arbitration or any preliminary matter pertaining to the arbitrability of such grievance, save and except with respect to the interpretation or application of this certificate.

Dated: September 30, 2004

Air Canada

Per:

I have the authority to bind.

The Air Canada Pilots Association

Per:

I have the authority to bind.

Materiality Threshold

\$672,610

ACPA
Schedule A

**CLARITY NOTES TO
SEPTEMBER 30, 2004 CLEAN SLATE CERTIFICATE**

Air Canada and Air Canada Pilots Association desire to clarify their understanding and interpretation of certain of the provisions of an agreement and certificate entered into by them of same date in a general form (the "Clean Slate Certificate") by way of the following understandings:

1. ACPA shall be entitled to allocate its pro rata share of the Materiality Threshold at its discretion.
2. For greater clarity, Air Canada confirms that "Materiality Threshold" and ACPA's pro rata share thereof is an annualized figure. For example, if ACPA had a \$10,000 "one-time" claim in the pipeline on Closing plus a further claim having a \$90,000 annual cost over the next five years, upon final determination of those claims, ACP A would be considered as fully using a \$100,000 portion of its Materiality Threshold.
3. For the purposes of the Clean Slate Certificate, the parties agree that the definition of "known or which ought reasonably to have been known" will be construed as if subsection (b) read "... is the subject of an unresolved grievance or has been considered by a trade union official responsible for filing grievances as the subject of a possible grievance."
4. For the purposes of the Clean Slate Certificate and any arbitration arising under it, the parties agree that, in determining whether a fact, circumstance or practice has or has not been considered by a trade union official responsible for filing grievances as the subject of a possible grievance, a statement, either written in the form of a sworn declaration or as oral evidence in an arbitration proceeding from the relevant union official, shall be conclusive evidence of such fact.
5. For the purposes of the Clean Slate Certificate and any arbitration arising under it, facts, conditions or practices shall only exist from, after and to the extent that such have been actually implemented in operations of Air Canada and shall not exist when only discussed or announced.
6. The September 30, 2004 Clean Slate Certificate, in the form attached and agreed to, is subject to any events which may occur between today and September 30, 2004 (other than closing). ACP A shall notify the Monitor in writing of any such matters arising between the current date and September 30, 2000 forthwith and such matters shall be automatically referred to Mr. Teplitsky. If any of these new matters cannot be resolved by agreement of the parties or by Order of Mr. Teplitsky by September 30th, 2004, the matters will be resolved by Mr. Teplitsky, in accordance with the parties' intention expressed on today's date (September 17,2004).
7. For greater certainty, nothing in the September 30 Clean Slate Certificate derogates in any way from the provisions of the May 15th Clean Slate Certificate, including Schedules A to F of that Certificate. **As** a result, the May 15th Clean Slate Certificate and the September 30 Clean Slate Certificate are complementary, and the September 30th Clean Slate Certificate does not supercede the May 15th Clean Slate Certificate.

LETTER OF AGREEMENT

BETWEEN

AIR CANADA

AND

AIR CANADA PILOTS ASSOCIATION

In the context of Air Canada's restructuring under the *Companies' Creditors Arrangement Act*, the Company and Deutsche Bank Securities Inc. ("DB") concluded and amended and restated Standby Purchase Agreement on April 29, 2004. A key condition of that agreement is that there be a "clean slate" of union grievance claims at the date of emergence from bankruptcy protection.

To facilitate that condition, the parties have agreed to the following:

1. Air Canada shall provide in its Plan of Compromise or Arrangement for release in favour of the undersigned union from any claims of employees or former employees of the Applicants arising from such union having granted concessions or settled or compromised grievances or other claims in this CCAA proceeding
2. Air Canada shall indemnify the union for its reasonable legal fees in defending "duty of fair representation claims" relating solely to the concessions granted or grievances and other claims settled or compromised in this CCAA proceeding, such indemnity being limited to \$250,000.

Signed this ____ day of June, 2004.

For Air Canada

For ACPA

APPENDIX E

**IN THE MATTER OF TWO GRIEVANCES CONCERNING
AEROPLAN**

BETWEEN:

AIR CANADA PILOTS ASSOCIATION

Union

-and-

AIR CANADA

Employer

AWARD OF MARTIN TEPLITSKY, Q.C.

As requested by the parties, I hereby issue a consent award on the terms annexed hereto as Schedule I.

DATED AT TORONTO THIS 17TH DAY OF SEPTEMBER, 2004.

Martin Teplitsky, Q.C.

**SCHEDULE 1 TO SEPTEMBER 17, 2004 AWARD
OF MARTIN TEPLITSKY, Q.C.**

WHEREAS ACPA has filed two grievances regarding Aeroplan, one concerning the redemption of Aeroplan points for reward travel, and the other concerning the creation of Aeroplan LP .

AND WHEREAS those grievances have been referred to Martin Teplitsky, Q.C. under the collective agreement for final resolution by way of a binding award with precedential value.

THE PARTIES THEREFORE AGREE to resolve those grievances by incorporating in a consent award by Mr. Teplitsky the following terms, which will satisfy the grievances identified in item 18 of the Schedule to paragraph 4 of the Clean Slate Certificate, delivered May 15, 2004. The consent award shall be appended to and form part of the ACPA collective agreement.

1. ACPA consents to the creation of Aeroplan LP (as contemplated by Air Canada's restructuring plan) whether or not required.
2. Air Canada will maintain the current position of the Air Canada family (meaning Air Canada plus Jazz) as the clearly dominant supplier of reward tickets to Aeroplan LP compared to all other supplying airlines combined.
3. Air Canada will maintain a clearly favourable ratio in favour of the Air Canada family (meaning Air Canada plus Jazz) on accruals of miles compared to redemptions.
4. Air Canada confirms that it will not satisfy its capacity obligation to Aeroplan, or to any other loyalty program, other than pursuant to the ACPA collective agreement.
5. Air Canada further confirms its intention to ensure that **its** Aeroplan redemption arrangements, on balance, will benefit the Air Canada Pilots as well as Air Canada.
6. The Company will provide ACPA with reasonable information to monitor the impact of these arrangements on Air Canada pilots on a quarterly basis by the 15th of February , May, August, and November of each year.
7. Arbitrator Martin Teplitsky QC shall remain seized over any disputes concerning the interpretation, application or any alleged violation of this award.
8. Should Arbitrator Teplitsky be unable to mediate/arbitrate under this award, Regional Senior Justice Winkler shall appoint another mediator/arbitrator. Failing such appointment by Justice Winkler, the Minister of Labour shall appoint under the Canada Labour Code.
9. The parties consent to the vacating of the order(s) of Mr. Justice Farley in his endorsement dated September 14, 2004 relating to these matters, and agree that once such order is vacated, ACPA's application for leave to appeal, and its motion to stay part of that order, will be withdrawn without costs.

DATED AT TORONTO THIS 17TH DAY OF SEPTEMBER, 2004

FOR AIR CANADA:

FOR ACPA:

AIR CANADA

PILOT SCHEDULING RULES

EFFECTIVE APRIL 2, 2000 – JULY 1, 2009

AIR CANADA PILOT SCHEDULING RULES

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SCHEDULING RULES - FOREWORD

In accordance with Article 34.06 of the Agreement, the Scheduling Rules will be amended as part of negotiations. The wording for these changes will be developed at the same time this is being done for the required Collective Agreement changes.

Additions or modifications to previous rules are identified by a bar in the margin alongside the revision; editorial changes - by Agreement - are not specifically identified.

Those paragraphs shown throughout in boxed ☐ fashion are excerpts from the Pilot's Agreement or Company Manuals and are included for information purposes only, and do not form part of the scheduling rules.

SRI - INTRODUCTION

At the time of negotiating the Pilot's Agreement effective August 1, 1956, it was agreed between the Association and Company representatives that it would not be feasible to include in the Agreement all the procedures and working rules governing the Air Canada Pilot Scheduling System. Nevertheless the majority of day-to-day scheduling procedures are enclosed herein, and are subject to change by mutual agreement. The Agreement, however, shall remain the master document and, where conflict exists, the Agreement shall prevail over the Scheduling Rules. The Agreement, of necessity, normally contains only those basic policies applicable to pilot scheduling which must be adhered to and are not subject to change except through the process of negotiations at the expiry of the Agreement. These Procedures and Rules cover the application of the Agreement and any changes thereto are subject to agreement by the Association and the Company.

SR2 - OBJECTIVE

The objective of the Air Canada Pilot Scheduling System is to provide the best possible working conditions for the pilots at each base with due regard to seniority and consistent with the necessary operational requirements and economy. The best way to achieve this objective is to provide, wherever possible, the maximum amount of flying and the minimum amount of ground time in the pairing of flights.

Air transportation is a complex business. In addition to irregularities which result from weather and aircraft mechanicals, the situation is made more complex by the high standard of pilot competency which must be maintained on the various types of equipment and routes operated by the Company. Another problem is the seasonal schedule changes.

These factors make it extremely difficult to completely stabilize working conditions for flight crews. It is believed, however, that a close and cooperative working relationship between Flight Operations supervisors both at Base and Headquarters levels, and the Base and Pilots' Master Scheduling Committee, results in a sound and mutually satisfactory Pilot Scheduling System.

All of the rules and procedures contained herein have been agreed with the accredited representatives of the Company and the Association. They will be applied uniformly at all pilot bases in order to maintain consistency in pilot scheduling across the system. In view of the many factors involved, it does not appear feasible to have a specific rule to cover every situation which may arise, and in the final analysis we must rely on sound judgment in meeting any particular situation. If it is found that any of the rules require change, or alternatively, additional rules should be adopted, such changes or additions will be agreed to by the Company and the Association.

The Crew Scheduling function in this system is an extremely important one. An educational program has been and will continue to be conducted to ensure that Crew Scheduling personnel have a complete and thorough understanding of the Agreement and Scheduling System. The objective must be to avoid interruption of service wherever possible and this is one of the important responsibilities of Crew Scheduling personnel. Another vitally important aspect of a Crew Scheduler's job is to understand the pilot's point of view, while taking into consideration the operational requirements. A proper and cooperative relationship between pilots and Crew Scheduling personnel is an invaluable asset, and it is assumed that both groups will do their utmost to this end. Flight Supervisors can do much towards achieving this relationship.

SR 3 – BASIC PILOT SCHEDULING SYSTEM

- SR3.01** The Air Canada Pilot Scheduling System provides means whereby each pilot at a base will be entitled to select a block of flying or reserve duty assignment in accordance with his bid status at the base, seniority, route and equipment competency for each blocking month.
- SR3.02** Flight Operations Headquarters shall be responsible for the manning of each pilot base and the allocation of outgoing and incoming flights to be covered by each base. In the pairing of outgoing and incoming flights, the objective will be to provide the maximum flight time and minimum ground time consistent with operational practicability and protection, and compliance with the duty periods and rest periods specified in Article 17 of the Agreement. Flight and Duty Time Guarantees are now becoming a larger proportion of pilot costs and are cutting into pilot utilization. It is recognized that the Company's responsibility, wherever practicable, is to minimize the costs of guarantees by flight pairings and sequencing of flight pairings in accordance with Article 17.
- SR3.03** Where an improvement in pilot working conditions or operational coverage will result, changes in the allocation or pairings of flights may be made by Flight Operations Headquarters upon receipt of recommendations from the Chief Pilot on the applicable equipment. Any changes suggested by the base Pilot Scheduling Committee should be referred to the Chief Pilot, for consideration prior to submission to Flight Operations Headquarters.
- SR3.04** In the interest of consistency in pilot scheduling, changes in flight pairings should not be made without prior approval of Flight Operations Headquarters.
- SR3.05** In order to quickly and effectively identify and resolve problems that arise relating to pairings and/or routings, representatives of the Association and the Company will confer on a routine monthly basis.

If agreement cannot be reached, then the M.E.C. Scheduling Chairman will meet with the Director, Flight Operations Strategy & Systems to resolve such problems.

SR4 – BLOCK PREPARATION, BIDDING AND AWARDING

SR4.01 PREPARATION

- SR4.01.01 Flight Operations shall issue a bid package to all pilots on monthly pairings for the next bid period and recurrent simulator, annual recurrent training and recurrent line check due dates within 90 days. The bid package shall contain the following:
- SR4.01.01.01 The closing time and date when pilots must have their preferential bids entered into the preferential bidding system for recurrent simulator assignment, annual recurrent training and block awards.
- SR4.01.01.02 For block awards: A list of all pilots by status at the base eligible to bid, along with their seniority numbers, vacation or training dates, as well as the names and seniority numbers of any Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors bidding at that base in that bid period.
- SR4.01.01.03 For simulator assignment: A list of all pilots by status and their due date, along with their seniority numbers, and recurrent simulator and annual recurrent training event.
- SR4.01.01.04 For recurrent line checks: A list of all pilots by status and their due date.
- SR4.01.01.05 Monthly pairings.

SR4.02 BIDDING

- SR4.02.01 Bid preferences must be input to the system no later than the closing time and date as indicated on the bid package. The closing time and date shall be between the 20th and the 25th of the month. This time frame may be further reduced by mutual agreement after discussion between the Company and the Association.
- SR4.02.02 A pilot transferring into a base on or before the first of the month may submit a bid preference by the closing time and date for blocks at his new base.
- SR4.02.03 ACPA shall be advised of the bidding rotation by status for the year of all Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors no later than January 31st. Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors may not submit another bid preference until all other Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors on that equipment and in their status have bid.
- SR4.02.04 Standing/Default bid - A pilot may keep a standing/default bid in the bidding system which will indicate his preferences in the event no bid is recorded.
- SR4.02.05 Blockholders with overlap flying into the new month will have these overlap credits considered as part of his next month's block projection. This overlap flying, may be subject to change due to pairing and schedule revisions etc. and are not considered as part of the pilot's new month until actually awarded. These overlap pairing and schedule revisions cannot extend beyond the calendar day of the original home base arrival time prior to the overlap change.

SR4.03 AWARDING

SR4.03.01 Simulator

Simulator assignments will be assigned just prior to the block awards. Simulator assignments will be based on system seniority, accepted training practices, and sound economic principles.

SR4.03.02 Blocks

Monthly blocks will normally be constructed in a range from the designated monthly maximum minus six hours (6:00) to the designated monthly maximum, however, in no case less than the applicable minimum monthly guarantee. Should the preferential bid system be unable to produce the optimum number of blocks, the Company may reduce the total block projection minimum below the six hour (6) window. Blocks must conform to the provisions of Article 17.

SR4.03.03 Line Checks

In order to avoid displacements and meet line check requirements, a selection of First Officer and/or Relief Pilot pairings will be withheld by the Company from the monthly block award process after the Captain block awards are completed. These pairings will be assigned to Supervisory Captains, reserve Captains, First Officers and/or Relief Pilots, reserve First Officers and/or Relief Pilots, who are dualplanned for line checks. These pairings will correspond to all First Officer flying awarded on Supervisory Captain blocks, and one (1) First Officer pairing shall be selected from line Captain blocks where the line Captain is due/planned for a line check. The bidding process will be developed to award these First Officer/Relief Pilot pairings to the First Officer/Relief Pilots who are due for a line check via the preferential bid system. Any withheld flying not used for recurrent line checks will be either awarded as part of the monthly bid process or placed in open time.

SR4.03.04 Block preferences which have been submitted by the closing time and date shall be awarded in the following order: (Block preferences shall be awarded to Permanent Management Pilots, Acting Check Pilots and Acting Flight Instructors in order of system seniority in their status).

SR4.03.04.01 Captain Assignments

In order of base seniority and valid route and equipment competency for the assignment from pilots holding Captain status at the base. (Route competency not required for Reserve assignment).

SR4.03.04.02 First Officer Assignments

In order of base seniority and valid route and equipment competency for the assignment, from pilots holding First Officer status at the base and only after all the pre-assigned pairings (for line checks) have been awarded. Pilots holding Captains status and First Officer status who are completing transition and/or upgrade training and require Line Indoctrination training may also bid in order of base seniority subject to the provisions below. (Route competency not required for Reserve assignment).

SR4.03.04.02.01 A Captain or First Officer in training, may be allowed to bid for flying on his own base, exclusively with an LITC, during the monthly PBS bid he is expected to qualify for line indoctrination training. When the pilot is transferring to a new base, the pilot may bid at the new base.

- SR4.03.04.02.02 These Captains and First Officers may be awarded flying during a fifteen (15) day period in the First Officer status, exclusively with an LITC, commencing on the third day after the expected completion of his simulator and airborne (if required) qualification check.
- SR4.03.04.02.03 PBS will award this flying in seniority order for a minimum number of legs as follows:
- Captains:** B747/All types, A-330/340 - 4 legs; B767, A-319/320, DC9 - 6 legs; CL 65 - 8 legs.
- First Officers:** B747/All types, A-330/340, B767 - 4 legs; A-319/320, DC9 - 6 legs; CL 65 - 8 legs.
- Where the pilot in training is new to the status, (Captain upgrade/First Officer upgrade) add two legs.
- SR4.03.04.02.04 PBS may award these pilots-in-training flying in a range from twenty-five (25) hours to thirty-five (35) hours but in no case will the total number of legs be less than the minimum required as described in 3 above. (Note: More than thirty-five (35) hours may be awarded to meet the minimum number of legs required)
- SR4.03.04.02.05 If the pilot-in-training awarded the flying is not available the pairing may be flown by another pilot-in-training. If no other pilot-in-training is available for training, these pairings will be awarded in accordance with SR 8.03.02.
- SR4.03.04.02.06 Any pilot-in-training who has been recommended for a line check may have the remainder of the LITC pairing(s) utilized for an initial line check.
- SR4.03.04.02.07 The pilot-in-training will submit his days off requests (if any) to the Senior Flight Instructor (type) who will be responsible to submit the pilot's PBS bid. The Senior Flight Instructor (type) will ensure that each LITC is willing to accept pairings with a pilot-in-training each month prior to PBS close.
- SR4.03.04.02.08 When a pilot-in-training is qualified on type he will revert to reserve duty and a reserve block will be created for him for the remainder of the block month.
- SR4.03.04.03 **Second Officer Assignments**
- In order of base seniority, and valid equipment competency for the assignment from pilots holding a Second Officer status at the base and only after all the pre-assigned pairings (for line checks) have been awarded.
- SR4.03.04.04 **Relief Pilot Assignments**
- In order of base seniority, **and** valid equipment competency for the assignment from pilots holding a Relief Pilot status at the base and only after all the pre-assigned pairings (for line checks) have been awarded. Pilots holding Relief Pilot status who are completing transition training and require Line Indoctrination training may also bid in order of base seniority subject to the provisions below.

- SR4.03.04.04.01 A Relief Pilot in training may be allowed to bid for flying on his own base, exclusively with an LITC, during the monthly PBS bid he is expected to qualify for line indoctrination training. When the pilot is transferring to a new base, the pilot may bid at the new base.
- SR4.03.04.04.02 These Relief Pilots may be awarded flying during a fifteen (15) day period in the Relief Pilot status, exclusively with an LITC, commencing on the third day after the expected completion of his simulator and airborne (if required) qualification check.
- SR4.03.04.04.03 PBS will award this flying in seniority order for a minimum of two (2) legs.
- SR4.03.04.04.04 PBS may award these Relief Pilots-in-training flying in a range from twelve (12) hours to *twenty-five (25)* hours but in no case will the total number of legs be less than two (2). (Note: More than 25 hours may be awarded to meet the two (2) legs restriction)
- SR4.03.04.04.05 If the Relief Pilot-in-training awarded the flying is not available the pairing may be flown by another Relief Pilot-in-training. If no other Relief Pilot-in-training is available for training, this pairing will be awarded in accordance with SR 8.03.04.
- SR4.03.04.04.06 A Relief Pilot-in-training who has been recommended for a line check may have the remainder of the LITC pairing(s) utilized for an initial line check.
- SR4.03.04.04.07 The Relief Pilot-in-training will submit his days off requests (if any) to the Senior Flight Instructor (type) who will be responsible to submit the pilot's PBS bid. The Senior Flight Instructor (type) will ensure that each LITC is willing to accept pairings with a Relief Pilot-in-training each month prior to PBS close.
- SR4.03.04.04.08 When a Relief Pilot-in-training is qualified on type he will revert to reserve duty and a reserve block will be created for him for the remainder of the block month.
- SR4.03.05 To be awarded a block selection under the provisions of SR4.03.04, a pilot must hold a valid route and equipment competency for the assignment as of the closing time and date of bids, except under the following conditions:
- SR4.03.05.01 If there are an insufficient number of pilots at the base with the necessary route competency to fill the available block selections, such block selections may be awarded on a seniority preference basis to pilots who have bid such assignments but do not hold route competency at the closing time and date of bids, except as otherwise provided in paragraph SR4.03.05.02 below.
- SR4.03.05.02 When there is a change of equipment over an existing route or flying on an existing Company route is first assigned to a base, pilots who have been unable to obtain route competency due to equipment limitations, may be awarded a block selection covering such routes without holding route competency at the closing time and date of bids, subject to the ability of the base to complete the necessary route check-outs.
- SR4.03.05.03 A pilot expected to return to duty following long term illness who has been cleared by the Medical Department with an estimated return date will be eligible to bid a block or reserve selection in accordance with SR4.02 and SR4.03.

- SR4.03.05.04 A pilot temporarily displaced from an equipment assignment under the provisions of Article 11.05 of the Agreement may bid and be awarded a block or reserve selection when he is returning to his previous equipment assignment.
- SR4.03.05.05 A pilot, when released by the Training Department, shall be considered eligible to bid and be awarded a block or reserve selection. Should the pilot not complete his final checkout, the flights in his block selection will be considered as open time and awarded **as** per SR7. A pilot undergoing command training shall be considered eligible for bidding purposes after having successfully completed his command simulator check.
- SR4.03.05.06 A pilot, completing transition training, shall be considered eligible to bid and be awarded a partial block selection comprised of pairing(s) with Line Indoctrination Training Captains (LITC) in accordance with SR 4.03.04.
- SR4.03.06 **Failure to Bid** - When a pilot does not submit a bid preference and he does not have a standing/default bid preference on file, the preferential bidding system will assign the pilot to reserve.
- SR4.03.07 **Insufficient Bids** - If there are insufficient preferences received to cover the required blocks of flying, pilots will be assigned to blocks in reverse order of seniority subject to a pilot's availability for the complete block month (ie. not on vacation, training, etc.).
- SR4.03.08 When awarding blocks to pilots on the A319/320/321, the maximum number of days worked shall be sixteen (16) days per block month. However, the PBSC will have the authority to increase this cap to seventeen (17) days per block month. In addition, pilots will have the option to increase their individual cap in increments of one (1) day up to a maximum of 20 days.

SR4.04 APPLICATION OF ARTICLE 17.05 OF THE AGREEMENT WITH RESPECT TO "LAYOVERS LESS THAN TWENTY (20) HOURS"

If the normal driving time from the airport to the location of sleeping accommodation does not exceed 15 minutes, the location of such accommodation shall be considered within the intent of Article 17.04 of the Agreement with respect to the minimum ten (10) hour rest period. When the driving time may be questionable, the Chief Pilot on the applicable equipment shall establish same, in collaboration with the local Pilot Scheduling Chair. Hotel accommodation, which is agreed to meet the requirements of a layover which is **less** than twenty (20) hours, will be indicated in the flight pairings.

SR4.05 MINIMUM LAYOVER (5 HOURS)

Accommodation will be provided on request to pilots with an airport layover of five (5) hours or more (time-in to time-out) including layovers at home base. Special consideration will be given to cases where the layover is less than five (5) hours but takes place in the silent hours.

SR5 – BLOCK/FLIGHT REMOVAL, EXCHANGE AND OVERLAP

SR5.01 BLOCK/FLIGHT REMOVAL

SR5.01.01 A pilot may be removed from his block selection and assigned to reserve duty or other duties in accordance with Article 11 of the Agreement.

SR5.01.02 Any pilot with less than two (2) years of service as a pilot with the Company may be removed from his block selection and assigned to reserve duty at any time provided he is to be replaced by a pilot with less than eighteen (18) months of service as a pilot with the Company.

SR5.01.03 When it is necessary to remove a pilot from a single flight or a series of flights in his block, he shall be released from all duties.

SR5.01.04 TENTATIVE DISPLACEMENT

In order to provide a pilot with as much notice as possible concerning an impending displacement, Crew Scheduling shall advise the pilot as soon as practicable that he is tentatively displaced from (specific flights). The pilot shall remain available to operate his tentatively displaced flights until three (3) hours prior to the originally scheduled departure of his first displaced flight.

At times, to meet operational requirements, it will be necessary for Crew Scheduling to advise a pilot whose flights operate through his home base that each segment is subject to the three (3) hour tentative displacement.

Example: (series of flights through home base)

401YUL	0700	YYZ	0805
404YYZ	0900	YUL	1005
409YUL	1100	YYZ	1205
412YYZ	1300	YUL	1405

Where Crew Scheduling advise a blockholder that he is tentatively displaced on each segment, he shall remain available to operate flights 401-404 until 0400 (0700 - 3 hrs) and flights 409-412 until 0800 (1100 - 3 hrs).

A pilot displaced from a flight(s) shall be paid and credited for such flight(s) as if flown according to schedule.

SR5.01.05 Reserve Displacement

SR5.01.05.01 Where a reserve pilot is displaced by a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor, three (3) or more hours before the scheduled departure time from flying from which he would have normally been alerted for, such pilot shall remain available on reserve until the normal completion of his block reserve duty. He may elect to exercise his seniority in accepting or passing any other flying which becomes available. He shall be paid and flight time limited for the displaced flying or if other flying is performed, the greater of the displaced flying or the actual, except where re-assignment would have been required ref SR8.04. Additional pay and flight time limitation credits will be applicable for pairings that originate from home base after the schedule arrival of the displaced flying.

SR5.01.05.02 Where a reserve pilot is displaced by a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor less than three (3) hours prior to the scheduled departure time of flying for which he has been alerted, he shall be paid and flight time limited for the displaced flying as if flown according to schedule. He shall have the option of either being released from all duty until twelve (12) hours after the scheduled arrival at home base of the displaced flying, or he may elect to remain available and on duty and elect to exercise his seniority in accepting or passing any other flying which becomes available. Should a pilot so affected perform any other flying, he shall receive pay and credit for such flying in addition to the flying from which he was displaced as described in this paragraph.

SR5.02 ASSIGNMENT TO RESERVE

SR5.02.01 When a pilot is removed from his complete block selection and he is assigned to reserve duty under the provisions of Article 11.01 and 11.02 of the Agreement he will be assigned to reserve duty on the calendar days on which he would have been working; such reserve days to be designated as being from 00:01 hours to midnight inclusive, except that a pilot who is removed from flying for a single duty period which extends through the midnight hour shall be assigned to reserve for only one (1) calendar day as a result of such removal. The first calendar day affected by the single duty period shall be the reserve duty day.

SR5.02.01.01 When a pilot is affected by the above conditions, he shall receive flying pay for the actual flying performed, the block flights from which he was removed as if they had been flown according to schedule, or minimum guarantee prorated, whichever is the greater.

SR5.02.01.02 When a pilot is called for duty during his designated reserve duty days and is required by the Company to operate a flight or flights that extend into what normally would have been days off, reinstatement of time off will be made immediately on return to home base. If the days off cannot be reinstated before the month ends the pilot will not be required to operate the flight(s).

SR5.02.01.03 When assigned a sequence of flights which interferes with a designated off duty period such minimum off duty periods will, at pilot option, commence following legal crew rest after termination of duty following his return to home base.

SR5.02.01.04 A pilot who is reassigned to his block selection following such removal, shall receive flying time credits for the greater of the flying actually performed or the block flight or flights from which he was removed, as if flown according to schedule.

SR5.02.01.05 A pilot holding a block selection who is assigned to reserve duty as described in the foregoing shall be permitted to enter his name in make-up and take open flying in accordance with his system seniority preference in order to increase his block flying time projection within the limitations of Article 17 provided he would have been legal if still assigned to his original block selection. Such make-up shall not be permitted during periods of reserve duty or if the minimum time off required by Article 17.05 cannot be complied with. When his name is entered in make-up as described in this paragraph, a pilot shall be considered as being a blockholder to qualify under the terms of SR8.03 for the awarding of open flying.

SR5.03 REMOVAL FROM TRAINING

When a pilot (or pilots) assigned to training for the complete bid period or part of the bid period and returns to service due to a delay in training, such pilot will be assigned to reserve duty. The following formula will be used to determine the off duty periods.

Formula: 12 days off X days remaining in the bid period divided by the number of days in the bid period

Note: Values of point five (.5) and greater will be rounded up.

Example: Block month 1st to 30th (30 days)

A pilot removed on training as the 16th of the month, would be assigned to reserve duty for 8 days.

$$\frac{12 \text{ days off} \times 14 \text{ days remainins in the month}}{30 \text{ days (total days in block month)}} = 5.6 \text{ days} \square 6 \text{ days off}$$

Note: This formula will also be used when a pilot is returning to line duty after a leave of absence without pay and on completion of training.

SR5.04 EXCHANGE OR RELEASE FROM BLOCK FLIGHTS

SR5.04.01 A pilot shall be expected to fly the block selection which he has been awarded. Any request to be relieved from a flight or flights, or to exchange flights, must be stated in writing and approved by the Chief Pilot or his designate. A pilot so relieved from a flight shall not be legal for make-up flying until he would normally have been legal in accordance with his block selection, except when relieved from a flight for bona-fide reasons. No mutual exchange of complete blocks between blockholders shall be permitted.

SR5.04.02 Blockholders who hold Captain status, First Officer status or Relief Pilot status who have been awarded a partial block for the purposes of line indoctrination may have flights within their block selection assigned to another pilot who is undergoing line indoctrination or an initial line check subject to the needs of the service.

SR5.05 BLOCK OVERLAP

After the closing of the blocks for the next month, a pilot who becomes illegal to operate his outbound portion in the current month because of block growth will be subject to the pay protection provisions for the portion in the next month.

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SR 6 – RESERVE DUTY

SR6.01 GENERAL

It is difficult to establish definite rules with respect to working conditions of reserve pilots in view of the stand-by nature of the assignment. Efficient utilization of reserve crews generally results in the least disruption to the rest of the pilot force, particularly in avoiding draft situations.

SR6.01.01 On Call

A reserve pilot shall be considered to be on call at all times, except during his off-duty home base rest periods or his off-duty periods. This does not mean that a reserve pilot must stay at home during the designated reserve period, but Crew Scheduling should know at all times where he may be contacted. A reserve pilot must be available to arrive at the airport no later than two (2) hours after a call from Crew Scheduling for flight duty. The designated reserve duty period may not be scheduled to exceed sixteen (16) hours. The designated rest period for a reserve pilot shall normally be 21:00 to 05:00 local time unless otherwise advised by crew scheduling, A reserve pilot contacted by crew scheduling at home base during his designated eight (8) hour rest period as detailed in Article 17.04.01.04 shall be limited to a maximum flight duty period of ten (10) hours. The subsequent ten (10) hour rest period shall be increased by one/half the length of the preceding duty period. This ten (10) hour maximum duty period cannot be extended and the resulting rest period cannot be reduced.

Note: Reserve pilot duty days will be in accordance with Article 17 - Hours of Service.

SR6.01.02 Standby at Home

When a reserve pilot is advised by Crew Scheduling to stand-by for possible flight coverage, he shall remain constantly available to proceed to the airport until further instructions are received from Crew Scheduling. Crew Scheduling shall be responsible to release a reserve pilot from this type of stand-by as soon as the operational requirement will allow.

SR6.01.03 Standby at the Home Base Airport

Under certain conditions a reserve pilot may be required to proceed to his home base airport for possible flight coverage. Crew Scheduling shall advise the pilot the time he is required to report to the airport, which time shall constitute the commencement of his flight duty period.

Such duty period shall not exceed the maximum scheduled duty period following which the reserve pilot shall have the required off-duty rest period at home before going "on-call" again. It is not necessary that the reserve pilot remain at the airport during the entire duty period. A pilot may be released from duty prior to the expiration of the duty period, in which case his off-duty rest period shall commence immediately upon such release.

Reserve pilots held on standby at the airport shall receive pay and credits as per Article 17.10.01.02.

SR6.02 RESERVE OFF-DUTY PERIODS

The off-duty periods specified in the reserve selection shall not be subject to change except under the conditions specified in Article 17 of the Agreement (mutual exchange of days off) and in Paragraph (3) hereunder. Except as provided in Article 17.09 of the Agreement, and SR15.02.01, Step 3, a reserve pilot shall be relieved of all duty during the off-duty periods specified in his reserve selection.

Example: If a reserve pilot commences reserve duty at 00:01, he shall be expected to report for duty at 02:00 for a 03:00 departure. If a reserve pilot is scheduled to start an off duty period (except a guaranteed forty-eight (48) at 00:00, he shall be required to report at 23:59 for a 00:59 departure if no other legal reserve pilot is available, or, at pilot option, he may avail himself of the provisions of SR6.02.01.

e.g. A reserve pilot's duty period is 05:00 to 21:00. He shall be expected to receive a call at 05:00 for a 07:00 report time and be continuously available until 21:00 for a 23:00 report time. The uninterrupted rest period will be from 21:00 to 05:00.

- SR6.02.01 A reserve pilot may elect to operate an open flight or sequence of flights which extend(s) into his scheduled off-duty period provided the ETD is not more than two (2) hours after the scheduled termination of his reserve period. A reserve pilot who elects to operate such a flight or sequence, will normally be required to complete the entire sequence, even when the sequence is scheduled through his home base. In such cases, his scheduled off-duty period will commence after the completion of the pilot's rest period (which is optional to the pilot).
- SR6.02.02 A reserve pilot will not be subject to involuntary assignment to such flight or sequence of flights regardless of seniority if there is another reserve pilot legal whose off-duty period will not be interfered with.
- SR6.02.03 If there is no reserve pilot whose off-duty period will not be interfered with and none of the reserve pilots elect to operate the flight or sequence of flights the most junior qualified reserve pilot shall be assigned. The sequence will be terminated on the first return to home base unless he wishes to complete the sequence. However, if relief cannot be provided from reserve pilots, pilots on make-up, Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors desiring open time, he must complete the sequence. His scheduled off-duty period will commence after the completion of the pilot's rest period (which is optional to the pilot).
- SR6.02.04 In no case will a reserve pilot be required to fly so that his planned duty period extends into either of the two guaranteed forty-eight hour (48:00) periods not subject to change (Article 17.06.03).

In the case of irregular operations where the reserve pilot was originally scheduled to return home prior to the commencement of a guaranteed forty-eight hour (48:00) period and subsequently is unable, the Company will make every effort to replace the affected pilot.

At pilot option, a pilot on a domestic pairing that was originally scheduled to return to home base prior to the commencement of a guaranteed forty-eight hour (48:00) period who is subsequently rescheduled, shall be returned to home base no later than the first twenty-four hours (24:00) of the guaranteed forty-eight hour (48:00) period except for reasons beyond the control of the Company. Deadheading under this provision will be done only on Company flights and to domestic terminals.

- SR6.02.05 A reserve pilot who elects to fly into/on a twenty-four hour (24:00) off-duty period will not have such off-duty period replaced. If assigned flying into this twenty-four hour (24:00) off-duty period, this off-duty period shall be replaced at pilot option and the rest period as defined in Article 17.04 of the Agreement will not be applicable.
- SR6.02.06 A reserve pilot on scheduled time off is subject to drafting under SR15.02.01, Step 3.
- SR6.02.07 The fourteen (14) hour rest period (Article 17.04.02.04) shall not apply to a flight duty period the overseas portion of which consists solely of a Bermuda, Jamaica or Cuba turnaround. This fourteen (14) hour rest period will not be used to extend a scheduled off-duty period.

SR6.03 RESERVE RELEASE

- SR6.03.01 Reserve pilots returning to home base after flight duty must contact System Crew Scheduling prior to leaving the airport to determine whether or not they are released from duty.
- SR6.03.02 Reserve pilots who have completed periodic training must contact System Crew Scheduling on completion of training on a scheduled working day, or on arrival at home base where a deadhead is involved, to determine whether or not they are released from duty (Article 17.03.02.03.09).
- SR6.03.03 Reserves may be released when assigned to flying considering adequate standby protection is available under the following circumstances:
 - SR6.03.03.01 Unassigned Reserves.
 - SR6.03.03.02 Reserves assigned flying at the current award remaining on the Availability List.
 - SR6.03.03.03 Blockholders who missed the 10:00 hour award must make themselves available for new flying coming available or flying remaining after the original make-up list and Reserve Availability List have received their assignments.
 - SR6.03.03.04 Reserves being on continuing duty as a result of operating flying assigned at the previous award.

NOTE: Reserves shall not consider themselves released unless so informed by Crew Scheduling.

- SR6.03.04 Failing to have adequate standby coverage through any of the means outlined in SR6.03.03 above, the Company will retain reserves assigned to flying in reverse seniority order to the number required to provide adequate protection for emergent situations.

SR6.03.05 If released under the conditions in SR6.03.03 above, the reserve pilot may still elect to remain on active standby duty for any new flying coming available to which his seniority might entitle him. He must, however, be legal.

SR6.04 RESERVE TIME BALANCING

In order to ensure that there is adequate reserve coverage throughout the month subject to concurrence by the Chief Pilot, a reserve pilot's flying time may be balanced at any time his flying time for pay purposes exceeds the number of days expired in the month x one thirtieth (1/30th) of the designated monthly maximum. Crew Scheduling will advise the reserve pilot, where practical, not less than twelve (12) hours in advance of the days on which he will be released from reserve duty for time balancing. Where possible, the additional days off will be combined with his regular off-duty periods. A reserve pilot will not be subject to time balancing during his optional forty-eight (48) hour off-duty period(s), if he elects to fly during that period, A pilot may be time balanced only once in any one period of consecutive reserve duty days.

SR6.05 SILENT HOUR LIMITATIONS (0001-0559)

Reference Article 17.08 concerning the Assignment of Flights During the Silent hours on consecutive flights.

Example: 578 YVR 0900 YYZ 1625 4:25
579 YYZ 0700 YVR 0855 4:55

A YVR base reserve pilot operating the above pairing would not be required to operate a pairing departing YVR on the evening following the arrival of flight 579 after legal crew rest, which operated during the hours of 0001-0559 local Vancouver time; unless no other pilot were available, and provided he had received sufficient notice to allow adequate rest before commencing duty. This determination is arrived at because of the departure time of flight 579 from YYZ (0700 Toronto time correlates to 0400 Vancouver time) which falls within the silent hours.

SR6.06 "A" AND "B" RESERVE

The designated reserve duty period may not be scheduled to exceed sixteen (16) hours. The intent of A-B Reserve is to allow the Reserve pilot some relief from this duty period.

Due to varying base conditions, flight schedules, etc., Manager, System Flight Crew Planning & Scheduling in consultation with the local Council Chairman may vary the designated number of A or B Reserves in order that these exigencies may be satisfied.

The conditions of A-B Reserve are as follows:

SR6.06.01 Where possible reserve coverage will be divided into two (2) shifts. These shifts will be awarded in order of seniority to those pilots who have indicated a preference for A or B Reserve.

This system will not be used to increase the number of Reserves.

SR6.06.02 The day shift will be "A" shift, the night shift will be "B" shift.

- SR6.06.03 All pilots will be on "A" and "B" Reserve unless advised otherwise. A or B shift award for the following day will be done subsequent to the normal open flying awards.
- SR6.06.04 The Reserve availability book in addition to normal usage, shall be used to indicate a preference to stand "A" or "B" reserve.
- SR6.06.05 Known open flying will be awarded in the normal manner and according to the scheduling rules.
- SR6.06.06 Flights coming open after the normal flight awarding and shift award is completed will be offered in order of seniority to "all available reserve pilots" (all available reserves means A/B + A or A/B + B).
- SR6.06.07 Shift hours will be predicated upon "airport reporting time".
- SR6.06.08 Assignment to "A" or "B" Reserve duty will be for one shift or until commencement of flight duty.
- SR6.06.09 Previous awards to "A" or "B" reserve duty may be altered due to the operational requirements of the Company.
- SR6.06.10 A pilot who wishes release from Duty during his "A" or "B" Reserve Duty Shift will contact Crew Scheduling in order to have such release authorized.

SR7 - OPEN FLYING

SR7.01 GENERAL

The term "open flying" shall cover any flight, flight pairing or sequence of flight pairings as designated by the Company and made up of the following:

- SR7.01.01 Any flying not included in a base block selection, excluding any test, publicity, courtesy, IFR, or training flights to be flown by Permanent Management Pilots, Acting Check Pilots (ACP's), or Acting Flight Instructors (AFI's) as provided in Article 21 of the Agreement.
- SR7.01.02 Except as provided in SR7.02, any flying in a base block selection for which the pilot holding such block is not available to fly for any reason, excluding:
 - SR7.01.02.01 Those flights which may have been approved by the Chief Pilot for exchange between the blockholders.
 - SR7.01.02.02 Those flights from which pilots have been released for ACPA business and which have been re-allocated to reserve pilots, Permanent Management Pilots, Acting Check Pilots, or Acting Flight Instructors, or pilots in training (under the provisions of Article 34.09).
 - SR7.01.02.03 Those flights in a block selection which are required for training and from which the pilot has been removed for a complete month and assigned to reserve under the provisions of Article 11.02 of the Pilots' Agreement.
- SR7.01.03 Where open flying includes an engine-out ferry flight, this information will be provided to the pilot in order that he may exercise his option to accept or decline the flight. No pilot shall be required to operate an engine-out ferry flight.
- SR7.01.04 Extensions of operations may be handled as open flying in accordance with the procedures specified in SR15.03.01.

SR7.02 OPEN TIME LIST

In order that pilots at a base will have some idea of the expected open flying to be available, the Company shall at all times maintain an up-to-date list showing the known open flying at each crew base. Such lists shall indicate date of operation, type of flight(s), equipment, route, ETD outbound and ETA inbound, layover time where applicable, and projected flying time.

Flights that are to be awarded in advance, as per Article 11.13, will be shown on the date the flights are to be awarded.

SR7.03 MAKE-UP REQUEST LIST

A pilot desiring make-up shall post his name on the make-up list or, alternatively, to avoid a special trip to the airport, he may request the Base Scheduling Coordinator on duty to place his name on those make-up lists covering flying which he would be legal to fly prior to his next scheduled block flight. On his next trip to the airport, the pilot himself should post his name on any other make-up lists desired. The Base Scheduling Coordinator accepting such verbal requests shall enter the pilot's name on the appropriate make-up lists and shall show his own initials. In order to avoid unnecessary telephone calls and disturbance to a pilot on make-up, a pilot desiring a certain type of open flying should **so** indicate on the make-up list. If there is no open flying which meets a pilot's stated specification, no telephone call to him shall be made and no claim for flight pay for any open flying shall be allowed.

SR7.04 RESERVE AVAILABILITY LIST

- SR7.04.01** The normal procedure of calling pilots presently on or coming on reserve to cover open flying is followed. To protect themselves, reserve pilots not expected to be at their residence because they are on scheduled time off, or are away from home base operating a previously assigned flight, should leave specific instructions on the Reserve Availability List as to the type of open flight which they are prepared to accept without further contact with Crew Scheduling.
- SR7.04.01.01** If no specific instructions are left, the pilot will be assigned flying with the most flying time. A pilot arriving from a transoceanic terminal must have indicated on the reserve availability list he desires the normal off duty rest period as per Article 17.04.01.03, otherwise the fourteen (14) hour off duty rest period will be planned.
- SR7.04.01.02** It is not necessary for the reserve pilot on time off to put his name on the list if he can be reached by telephone.
- SR7.04.01.03** Reserve pilots on scheduled time off, or away from base on a flight, whose names do not appear on the Reserve Availability List, will be assigned any remaining flying to be covered in reverse order of seniority.
- SR7.04.01.04** Reserve pilots checking in with Crew Scheduling on the completion of flying may advise or indicate on the reserve availability list that they desire no calls during their off-duty rest period, and what type of flying they are willing to accept. Crew Scheduling will honour this request except when the pilot must be advised just prior to the expiry of the rest period to prepare for flying desired or required. Crew Scheduling will consider the type and time of flying previously completed before initiating a call in order to assure the pilot adequate rest.
- SR7.04.02** A reserve pilot on an optional off-duty period who desires to fly may place his name in the Reserve Availability Book and must indicate in the remarks that he is on an Optional Day. He may accept or refuse any flying offered to him except under the conditions of SR7.04.01.01. He will not be considered as standing reserve during this period. These off-duty periods include the optional forty-eight (48) hour period, the additional six (6) hour period, and a scheduled twenty-four (24) hour period which becomes optional.

SR7.05 INVOLUNTARY ASSIGNMENT LIST

A pilot may indicate his availability to accept a draft under SR15 on a daily involuntary assignment list. The pilot must post his name on this list indicating he is willing to accept an involuntary assignment. The pilot may place his name on the list at any time by contacting the Crew Scheduling department directly. The list will be maintained at each of the respective bases. After 09:30 hours, pilots may call the Crew Scheduling Office directly to have their name entered on the list.

SR8 SCHEDULING OF OPEN FLYING

SR8.01 AWARD TIME

The Crew Scheduling office shall arrange coverage for open flying commencing at 10:00 hours local time each day for flying or sequences scheduled to originate during the period 0601 to midnight local time the next day. Pilots are to ensure that their names are entered on the make-up and reserve availability list prior to 09:30 hours local time each day. Known open flying may be sequenced to produce the best possible ratio of flying to duty time consistent with the limitations of Article 17 of the Agreement prior to being offered to blockholders on make-up or assignment to reserves, except for the provisions of SR8.09. However, blockholders on make-up may be awarded a portion of a sequence if the flying involved does not produce any additional guarantees than what would normally be accrued (Reference SR8.09).

SR8.01.01 Where it is necessary to award (assign) flying in advance of the normal award as per Article 11.13, every reasonable effort will be made to contact pilots to offer this flying.

The normal procedures as outlined in SR8.02 and SR8.03 will be followed except that it may be necessary to allow more than 15 minutes between calls in some cases (i.e. pilot away flying, in simulator, etc.).

Where possible, this flying will be shown in the open time at least 48 hours prior to the actual award.

SR8.02 PROCEDURES

Calls to pilots on make-up and reserve pilots shall commence at 1000 hours. Crew Scheduling will call each pilot at least twice with a 15-minute interval between calls before awarding open flying to another pilot.

SR8.02.01 To protect himself a pilot not expected to be at his residence during the award period should leave a telephone number where they can be reached or alternatively leave specific instructions with the Crew Scheduling office for open flying which he will accept and advise a time (no later than 2100 hours of the awarding date) when he will contact Crew Scheduling for confirmation of the flight(s) awarded. A pilot will be expected to fly the flight(s) so awarded.

SR8.02.02 A pilot on the make-up list who is away from home base on a flight should leave specific instructions on the make-up list prior to departing from his base as to the specific type of open flying which he is prepared to accept without further contact with Crew Scheduling. If no specific instruction is left on the make-up list, a pilot will be given open flying with the most flying time. If there is such open flying available, and it can be reasonably assumed by Crew Scheduling that the pilot will be legal to take the flying after his return to home base and his seniority entitles him to such flying, it will be awarded to him accordingly, and he will be expected to fly same.

- SR8.02.03 A blockholder is not legal for make-up during the four 48-hour or three 72-hour off-duty periods designated as such in his block selection. It is permissible for these periods to "slide" forward or backward either during the immediate time off period involved or to some other time off period not designated in the block selection as a 48-hour or 72-hour off-duty period. If desirable to the blockholder, it is also permissible for the four designated 48's to be changed to three 72's or vice versa. The blockholder may combine 48's or 72's in a single time off period provided they are split by a minimum of 24 hours.
- SR8.02.04 A blockholder on make-up or a reserve pilot who has refused any of the open flying available when called in accordance with SR8.02 above shall not thereafter be permitted to displace any reserve pilot who may have been alerted for open flying at that time. He shall, however, be given an opportunity to accept additional open flying which may become available in accordance with SR8.07.
- SR8.02.05 Once awarded open flying, a pilot shall not be allowed to relinquish same.

SR8.03 AWARD SEQUENCE

Open flying shall be awarded to blockholders, Permanent Management Pilots, Acting Check Pilots, Acting Flight Instructors; and reserves will be alerted for their preferences in the following order:

SR8.03.01 Captain Flying

- SR8.03.01.01 In order of base seniority to pilots legal, holding a Captain block selection who are under pay protection procedures.
- SR8.03.01.02 In order of base seniority to pilots legal, holding a Captain block selection who are on make-up.
- SR8.03.01.03 In order of system seniority to Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors and base seniority for Captains legal, holding a reserve Captain selection.
- SR8.03.01.04 In order of base seniority to pilots legal, holding a Captain block selection or a Captain legal, holding a reserve Captain selection under the drafting procedure.

SR8.03.02 First Officer Flying

- SR8.03.02.01 In order of base seniority to pilots legal, holding a First Officer block selection who are under pay protection procedures. This includes First Officers completing qualifying flights accompanied by a Permanent Management Pilot, Acting Check Pilot, Acting Flight Instructor or an LITC.

Note: First Officers on pay protection who have **lost** a First Officer pairing may be re-assigned to a First Officer/Augment pairing. First Officers on pay protection who have **lost** an augmentation pairing may be re-assigned a First Officer/augment pairing or a relief pilot pairing provided there are no relief pilots available on make-up.

- SR8.03.02.02 In order of base seniority to pilots legal, holding a Captain block selection who are on make-up and indicate a desire to do First Officer flying at First Officer rates. This step includes Captains being paid in accordance with Article 14 completing qualifying flights when accompanied by a Permanent Management Pilot, Acting Check Pilot, Acting Flight Instructor or an LITC.
- SR8.03.02.03 In order of base seniority to pilots legal holding a reserve Captain selection, for the purpose of maintaining equipment competency with the approval of the Chief Pilot. This flying will be paid at Captain's rates of pay.
- SR8.03.02.04 In order of base seniority to pilots legal, holding a First Officer block selection who are on make-up. This step includes First Officers being paid in accordance with Article 14 completing qualifying flights when accompanied by a Permanent Management Pilot, Acting Check Pilot, Acting Flight Instructor or an LITC.
- SR8.03.02.05 In order of system seniority to Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors and base seniority to First Officers legal, holding a reserve First Officer selection, except for flying time equalization in the case of First Officers on flat salary. This step includes pilots being paid in accordance with Article 14 completing qualifying flights when accompanied by a Permanent Management Pilot, Acting Check Pilot, Acting Flight Instructor or an LITC.
- SR8.03.02.06 In order of base seniority to pilots legal, holding a First Officer block selection or First Officers legal, holding a reserve First Officer selection under the drafting procedure. At Company discretion, pilots detailed in SR8.03.02.07 below may be utilised prior to the application of this clause.
- SR8.03.02.07 In order of base seniority to an unassigned Captain available holding a reserve Captain selection.
- SR8.03.03 **Second Officer Flying**
- SR8.03.03.01 In order of base seniority to pilots legal, holding a Second Officer block selection who are under pay protection procedures.
- SR8.03.03.02 In order of base seniority to pilots legal, holding a Second Officer block selection who are on make-up.
- SR8.03.03.03 In order of system seniority to Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors and base seniority to pilots legal, holding a reserve Second Officer selection except for flying time equalization in the case of Second Officers on flat salary. This also includes pilots completing qualifying flights on conversion or re-conversion training and accompanied by a Permanent Management Pilot, Acting Check Pilot, Acting Flight Instructor or an LITC.
- SR8.03.03.04 In order of base seniority to pilots legal, holding a Second Officer block selection or a Second Officer legal holding a reserve Second Officer selection under the drafting procedure.

SR8.03.04 Relief Pilot Flying

- SR8.03.04.01 In order of base seniority to pilots legal, holding a Relief Pilot block selection who are under pay protection. This also includes First Officers who are under the pay protection procedures who have **lost** an augmentation/relief pairing.
- SR8.03.04.02 In order of base seniority to pilots legal, holding a Captain block selection who are on make-up and indicate a desire to do Relief Pilot flying at Relief Pilot rates. This step includes Captains establishing route competency with the approval of the Chief Pilot. This flying will be paid at Captain's rates of **pay**.
- SR8.03.04.03 In order of base seniority to pilots legal, holding a First Officer block selection who are on make-up and indicate a desire to do Relief Pilot flying at Relief Pilot rates. This includes First Officers establishing route competency with the approval of the Chief Pilot. This flying will be paid at First Officer's rates of pay.
- SR8.03.04.04 In order of base seniority to pilots legal, holding a Relief Pilot block selection who are on make-up.
- SR8.03.04.05 In order of system seniority to Permanent Management Pilots, Acting Check Pilots or Acting Flight Instructors and base seniority to Relief Pilots legal, holding a reserve Relief Pilots selection, except for flying time equalization in the case of Relief Pilots on flat salary. This step includes pilots being paid in accordance with Article 14 completing qualifying flights when accompanied by a Permanent Management Pilot, Acting Check Pilot, Acting Flight Instructor or an LITC.
- SR8.03.04.06 In order of base seniority to pilots legal, holding a Relief Pilot block selection or Relief Pilot legal holding a reserve Relief Pilot selection under the drafting procedure. At Company discretion, pilots detailed in SR8.03.04.07 and SR8.03.04.08 below may be utilised prior to the application of this clause.
- SR8.03.04.07 In order of base seniority to an unassigned First Officer available holding a reserve First Officer selection.
- SR8.03.04.08 In order of base seniority to an unassigned Captain available holding a reserve Captain selection.

SR8.04 SCHEDULING OF RESERVES

At 10:00 hours local time when Crew Scheduling are awarding or assigning pilots to open flights or flight sequences, reserve pilots shall be advised of the flight or flights which they may expect to operate, subject to the three-hour displacement rule provided in SR8.06.

This is to provide a reserve pilot with time to prepare for flight duty. While every effort will be made by Crew Scheduling not to call reserve pilots who have been alerted for flight duty for other flight duty, it should be understood that such action may be necessary at times to protect Company operations and to avoid the drafting of more senior pilots. Therefore, although seniority preference for the remaining open flying is available to reserves at awarding time as provided by SR7.04 and SR8.03, a reserve pilot may be subsequently assigned to any other flight or flights as may be necessary due to changes in required flight coverage, and flying pay shall be in accordance with the flying actually performed.

When a reserve pilot has been awarded a block in the following month, he may elect to pass flying which conflicts with his block assignment to a more senior reserve pilot, coverage permitting.

SR8.05 COMBINING OPEN FLYING

A combination of open flying which can be flown in one or more duty periods may be awarded as a complete sequence provided a more senior blockholder on make-up does not wish to operate part of the combined sequence.

SR8.06 RESERVE AWARDED FLYING - REMOVAL

A reserve pilot who has been alerted for open flying may only be removed from that flying up to three (3) hours prior to the original ETD by a blockholder on immediate make-up, or as provided for under SR8.08 and SR8.10.03. A reserve pilot who has been alerted for flying for which a minimum of two (2) hour's flight pay applies, as specified in Article 11.10 of the Agreement, must check in with Crew Scheduling three (3) hours prior to ETD to ensure that he has not been displaced from the flying and Crew Scheduling have been unable to contact him. If he fails to check in prior to reporting to the airport and has been displaced from the flying, the minimum pay shall not apply.

SR8.07 OPEN TIME PROCEDURES DUE ILLNESS

It is essential when booking on after sickness that blockholders do **so** at or before the awarding time of the next flight in their block. Unless Crew Scheduling are advised to the contrary, they must assume at the awarding time that the pilot is still off sick and therefore, they must award his flight to a pilot on make-up or alert a reserve. If the blockholder books back on after the awarding time, but prior to the departure time of the flight, he has no claim on the flight. If the blockholder is in doubt as to his ability to do his flight, he may **so** advise Crew Scheduling and they will hold his flight for him up to four (4) hours prior to departure, provided this advice is received at or before the awarding time for that flight.

A reserve pilot alerted for a pairing, because of a blockholder's illness, which consists of a series of flights operating through the pilot's base, shall be advised that each series is contingent on the blockholder's remaining ill and subject to the following four (4) hour rule. A blockholder who has booked off sick from a pairing containing a series of flights may advise Crew Scheduling of his "Intent to Book on". This advice to Crew Scheduling must be made prior to four (4) hours before the scheduled departure of his blocked flight outbound from his base. The blockholder will then operate his outbound flight and complete his blocked pairing.

SR8.08 15 MINUTE CONNECTION RULE

If a pilot does not arrive in time (within 15 minutes of planned departure time) to cover the balance of a flight sequence, the pilot protecting the balance may be required to fly all or part of the remainder of the flight sequence and such flying will not be considered a draft for legality purposes, unless the pilot awarded the flight sequence was originally drafted. **As** soon as it is known that a pilot will arrive with less than 15 minutes to connect, the pilot shall inform the Company in order that Crew Scheduling may assign a new pilot to avoid a delayed operation. Because of coverage requirements Crew Scheduling may elect to have the original pilot connect with a possible delay to allow him to perform the necessary cockpit functions for the connecting flight. In this instance Crew Scheduling shall inform the incoming pilot that he is to operate his blocked or assigned flight outbound. (The 15 minutes referred to above shall mean the time required in the cockpit prior to planned departure.)

SR8.09 SPLITTING OF SEQUENCES

SR8.09.01 Procedures

A sequence of open flying shall not be split except in the following instances:

- SR8.09.01.01 A blockholder on make-up or pre-selecting flying shall be permitted to split a sequence of open flying provided that he has **lost** flying time from his block because of weather, mechanical irregularities, pairing revision/change or because of flight time limitations.
- SR8.09.01.02 A sequence shall not be split if an equal or greater amount of the flying time to that which was **lost** is available to the blockholder. This restriction applies to flight pairings open at the time of awarding or in the case of preselection, flight pairings available during the month.
- SR8.09.01.03 When a sequence is split, it shall be done in such a manner that the increase in total duty period guarantees or trip hour guarantees is kept to a minimum, provided that the availability of recovery flying time to the blockholder **is** not affected.
- SR8.09.01.04 A pilot who is permitted to split a sequence under this section should ensure that his name is on the correct make-up list for the full sequence which he desires to split and indicate he is wishing to exercise his option to split a sequence.
- SR8.09.01.05 When a blockholder who has **lost** time from his block has regained flying time and brings his block of time equal to or greater than the original amount of his block flying, he shall no longer be permitted to split a sequence of open flying.

SR8.09.02 Application of Splitting Sequences

Example 1 :-

Open flying available; DPG 1 in 2 (min. 4:25)

Pairing #1	465	YUL	1015	YQB	1105	0:55
	447	YQB	1130	YUL	1220	0:50
	449	YUL	1445	YOW	1520	0:35
	450	YOW	1720	YUL	1755	0:35
Actual flying						2:55
Onduty time	9:10					
DPG						1:40
Total flight time credit						4:35
Pairing #2	328	YUL	1545	JFK	1730	1:45
	331	JFK	1830	YUL	2015	1:45
Actual flying						3:30
Onduty time	6:00					
DPG						0:55
Total flight time credit						4:25

A blockholder who has lost time from his block and who is legal for 328 and 331 would not be permitted to split the sequence of flights since 328 and 331 offer an equal or greater amount of flying as in SR8.09.01.02.

The total open time available above is 8:50. Flown separately, the YQB, YOW and JFK flights would each carry a DPG of 4:25 for the flight, making a total of 13:15. If a pilot were allowed to split the sequence by taking 449 and 450, then he would receive a DPG of 4:25 for the flight. Resequencing 465, 447, 328, and 331 would produce a DPG of 5:45, which added to the 4:25 makes a total of 10:10. Both of these combinations would be contrary to SR8.01.

Example 2:

Open flying available

Flt pairing	103	YVR	0915	YYJ	0940	0:25
	106	YVR	1000	YVR	1025	0:25
	105	YVR	1200	YYJ	1225	0:25
	108	YVR	1500	YVR	1525	0:25
	2105	YVR	1630	YYJ	1655	0:25
	2108	YYJ	1715	YVR	1740	0:25
Actual flying						2:30
On duty time	9:55					
DPG						2:28
Total flight time credit						4:58

A blockholder who has lost time from his block and who is legal for the whole sequence must accept same or decline make-up.

A blockholder who has lost time from his block who is not legal for the entire sequence may split the sequence as in SR8.09.01.03 by taking:

- 103 and 106 or
- 103, 106, 105 and 108 or
- 105, 108, 2105 and 2108 or
- 2105 and 2108

He may not take 105 and 108 only, as this would leave the DPG for 103, 106, 2105 and 2108 unchanged, at the same time adding 4:25 DPG for 105 and 108.

SR8.10 IMMEDIATE MAKE-UP

SR8.10.01 A blockholder who has been affected by any of the following situations may go on immediate make-up during the time remaining until the period covered by the next regular make-up list or may remove a reserve pilot up to three (3) hours before the originally scheduled departure time of the reserve pilot's trip.

Note: There will be no re-award of previously assigned open flying as a result of this removal.

SR8.10.01.01 Cancellation of blocked flight or make-up flight.

SR8.10.01.02 Substitution of equipment.

SR8.10.01.03 Displacement by a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor, or by another pilot who may have been assigned to the flight for competency purposes, and released from all duties.

SR8.10.01.04 Misconnection of flights including misconnections caused by legal crew rest.

SR8.10.02 Immediate Make-Up / Illness

This immediate make-up rule does not apply to a blockholder who has booked off his regular flying due to sickness. However, should a blockholder book back on before the termination of such flying, he will be allowed to go on make-up for the amount of flying not covered by sickness pay. In order to do so, he must be on make-up at the award time for current open flying in accordance with SR8.01 or place his name on make-up in accordance with SR8.11.01.03.04.

SR8.10.03 One-Way Flights to Home Base/Scheduled Layover Point

A pilot from another base whose return flight to his home base/scheduled layover point has been affected by any of the following conditions:

- SR8.10.03.01 Cancellation;
- SR8.10.03.02 Substitution of equipment;
- SR8.10.03.03 Displacement by a Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor, or by another pilot who may have been assigned to the flight for competency purposes;
- SR8.10.03.04 Misconnection of flights;

may return to his home base/scheduled layover point by operating any unassigned one-way open flight, or may remove a reserve pilot domiciled at that base, subject to the required three (3) hour immediate make-up rule (SR8.10.01); provided such open flights, if scheduled beyond the pilot's home base / scheduled layover point, would require a crew change at that base.

SR8.11 ADDITIONAL FLYING AFTER NORMAL AWARDS

SR8.11.01 Pilot coverage for additional flying not open at the closing time 1000 hours local time shall be arranged in the following order:

- SR8.11.01.01 One-way flights may be awarded to a pilot who is legal and scheduled to deadhead to the same destination. The open flight must be scheduled to depart within three (3) hours of his planned deadhead flight. The one-way flight may also be assigned as per SR8.10.03.
- SR8.11.01.02 Blockholders who have already been awarded open flying with which the new flying will sequence and for which they are legal, shall be offered the additional flying. When a pilot does not accept the additional flying, it will be awarded as provided in SR8.11.01.03 and SR8.11.01.04 immediately following.
- SR8.11.01.03 On a system seniority preference from the following combined group of blockholders desiring make-up:
 - SR8.11.01.03.01 Blockholders on the active list for the ETD involved who have not already been awarded open flying.
 - SR8.11.01.03.02 Blockholders who are on immediate make-up under the conditions specified in SR8.10.01.
 - SR8.11.01.03.03 Pilots from another base on immediate make-up under the conditions specified in SR8.10.03.
 - SR8.11.01.03.04 Blockholders desiring make-up whose names were not on the original make-up list.
 - SR8.11.01.03.05 Pilots from another base subject to re-assignment under the pay protection provisions.

SR8.11.01.04 Open flying still remaining shall be sequenced with that flying for which reserve pilots have been alerted or are performing, or offered to Permanent Management Pilots, Acting Check Pilots, or Acting Flight Instructors desiring open time.

It shall then be offered in order of base seniority to reserve pilots who are available.

The automatic sequencing of flying as noted above will be restricted to within the same duty period unless there is no other reserve pilot available.

SR8.11.02 When open time becomes available as a result of cancellation, consolidation, substitution, or misconnection affecting a portion of a blockholder's flight sequence and the blockholder will be chasing the balance of the flight sequence, the pilot awarded the portion of the flight sequence which becomes open may be required to remain in position to protect the balance of the sequence until the blockholder arrives.

SR8.12 SHORT CALL

In order to protect the Company operation and pilot seniority, if there is insufficient time (normally less than 3 hours) for the Crew Scheduling Office to go through the normal award process, pilot coverage for such open flying shall be provided by available reserve pilots or by Permanent Management Pilots, Acting Check Pilots, or Acting Flight Instructors. The Company shall alert the most junior reserve pilot legal to prepare for immediate departure to the airport. This pilot will advise the preparation time required prior to his departure for the airport. During this time, calls will be made to more senior pilots who have indicated "short call" on the make-up and reserve availability list. The junior reserve pilot will operate the flight(s) subject to a more senior pilot accepting the assignment.

SR9 – DEADHEADING

SR9.01 AUTHORIZATION OF DEADHEAD MOVEMENTS

All pilot deadhead movements must be authorized by the Chief Pilot or his designate, whether or not pay is applicable.

SR9.02 DUTY TIME FOR DEADHEADING

SR9.02.01 For compliance with the maximum scheduled duty period according to Article 17 of the Agreement, in cases where the ten (10) hour rest period will not be available prior to a pilot commencing actual flight duty, the duty time of a pilot deadheading to protect a flight shall commence thirty (30) minutes (or one (1) hour as applicable) prior to the planned departure or the required reporting time of the flight designated for deadheading whichever is earlier. This applies whether or not flight pay is applicable.

SR9.02.02 It is not mandatory to take a rest period at a layover base if a pilot is to deadhead home following flight duty. In this case, authority to deadhead home on the first available flight may be requested, and the minimum off-duty rest period will commence on arrival at home base. A pilot who is planned to deadhead to home base during the silent hours (2200-0459) will normally be allowed to deadhead home on the first available flight after the silent hour period, and the minimum off-duty rest period will commence 15 minutes after arrival at home base. Any additional layover expenses incurred using this procedure will be paid by the Company. A pilot shall neither increase nor decrease his flight time pay and credits as indicated on the original pairing by this procedure.

SR9.02.03

SR9.02.03.01 When the actual flight duty period exceeds the maximum duty times specified in Articles 17.03, the pilot may elect to complete the deadhead movement. If a pilot elects to take crew rest, under these conditions, his flight time credits shall consist of the actual flying time or **DPG**, whichever is greater, to the elected layover point, plus the deadhead credits to the planned destination, and applicable special flight time and pay credits (Article 17.10). Normal Company expenses including transportation, accommodation, and food will be provided.

SR9.02.03.02 The Company shall have the right to require a pilot to deadhead to any point prior to such rest being taken within the limitations specified in Articles 17.03.

Example 1:

Operate Flight 124 YUL-LHR D/H LHR-BRU
Scheduled flight duty period = 14 hrs. Total flight pay and credits = 7 hrs

If enroute delays will affect his arrival in BRU such that his actual flight duty time is now increased to more than 14 hours, the pilot may elect to continue through to BRU, in which case his flight time credits will be in accordance with the **DPG** for the total period involved. If he elects to take crew rest in LHR and deadhead to BRU on the first flight following legal crew rest, then in accordance with SR9.02.03.01 above, his pay and credits would be his actual flying time YUL-LHR or 1 in 2 whichever is greater, plus deadhead credits LHR-BRU and applicable special flight time and pay credits (Article 17.10).

Example 2:

Flight 123 YYZ-YVR Scheduled flight duty period 15:30 hours
D/H Fit 234 YVR-YYZ

If a delay occurs enroute or at YVR affecting the departure of the deadhead flight so that the actual flight duty period becomes projected beyond 16 hours and pilot elects crew rest, he will receive flying pay for the greater of: Actual flying time or DPG (whichever is the greater) for the Flight 123, plus deadhead time according to Article 12 of the Agreement for the first available flight YVR-YYZ after legal crew rest, and applicable special flight time and pay credits (Article 17.10).

OR

THG for the entire away from domicile period.

Example 3:

Using the same circumstances as in Example 2 above, the Company may require the pilot to deadhead to another on-line station within the 14 hour limitation before taking crew rest.

SR9.02.04 A pilot is not "legal" to deadhead out of his home base during designated 48-hour or 72-hour off-duty periods, whether or not flight pay for the deadhead movement is applicable.

SR9.02.05 When a pilot deadheads to pick up a flight and insufficient time (1:15 hour) is available at the pick-up point for flight planning, the duty time will commence one hour fifteen minutes prior to the planned departure time of the flight on which he deadheads.

SR9.03 FLIGHT PAY AND TIME CREDITS

SR9.03.01 A pilot shall receive deadhead pay and time credits in accordance with Article 12.01 of the Agreement at any time that he is required by the Company to deadhead from a base to protect a flight or flights, or return to his base after flight protection.

Authority for determining when a deadhead movement is to be considered as made at Company request is vested with the Chief Pilot or his designate, excluding the conditions specified in SR9.04 hereunder.

SR9.03.02 In accordance with Article 17.10.03 of the Agreement, at any time that actual flight duty is performed, such duty time shall be extended to include the time involved in deadheading when deadhead credits are allowed.

- SR9.03.03 Trip Hour Guarantee will apply to all trip time away from a pilot's home base when one or more legal layovers is necessitated in the performance of his duties (except as specified in SR9.04 and provided that:
- SR9.03.03.01 When a deadhead movement takes place before flight duty, the pilot leaves his home base on the flight specified by Crew Scheduling, and
- SR9.03.03.02 When a pilot deadheads to his home base after termination of flight duty he does so on the first available flight subject to the provisions of SR9.01 and SR9.02.
- A pilot who is unable to operate his return flight due to cancellation, substitution, consolidation or misconnection and who deadheads back to his home base shall receive applicable deadhead and special flight time and pay credits.
- SR9.03.04 All reserve pilots will receive pay and flight time credit as specified in SR9.03.01, SR9.03.02 and SR9.03.03 preceding when awarded a flight or flights by the Company in which deadheading occurs.
- SR9.03.05 When a blockholder elects to fly open time which includes deadheading, deadhead pay and credits and special duty time and trip time credits shall be applicable.

SR9.04 NON FLIGHT PAY AND TIME CREDITS

Flight pay and time credits shall not apply under the following conditions:

- SR9.04.01 A blockholder elects to deadhead, and is **so** authorized to pick up a flight or flights in his block selection. In this case, DPG and/or THG would not be effective until the actual commencement of flight duty. If a blockholder is ordered by the Company to deadhead to pick up his block flights, he shall be entitled to flight pay and time credit. For duty period limitation purposes only, a pilot deadheading without deadhead credits shall be deemed to have been on duty thirty (30) minutes (or one (1) hour as applicable) prior to the planned departure time and until fifteen (15) minutes after arrival of the deadhead flight.
- SR9.04.02 A blockholder who is deadheading without deadhead credits because of misconnection or cancellation shall be deemed to have terminated duty thirty (30) minutes after the arrival time of the flight which he operated or at time of cancellation, whichever is later and Duty Period Guarantee terminates at that time. (Trip Hour Guarantee will be in accordance with SR9.03.03 above.)
- SR9.04.03 A pilot travelling to another base for the purpose of ground or flight training except as outlined in Article 12.08 where DC-9 deadheading rates are applicable in addition to any minimum monthly guarantee or cap.
- SR9.04.04 A pilot transfers to another base.

SR9.05 CO-TERMINAL

Pilots based at a "Co-Terminal" whose trip sequence originates at one airport and terminates at another airport within the "Co-Terminal" will have an agreed travel time added where it occurs to the beginning or end of the duty period for the purposes of duty time limitations as defined in Article 17 and Special Flight Time and pay credits as defined in Article 17.10. Deadhead credits as in Article 12 shall be applicable. Expeditious transportation will be provided by the Company.

SR9.05.01 Application of this article at Montreal Base shall be as follows:

Agreed travel time: :40 minutes
 Depart YUL - Arrive YMX - travel time added as an extension to the off-duty time at YMX. Deadhead credits apply YMX-YUL
 Depart YMX - Arrival YUL - travel time added prior to the scheduled reporting time at YMX.
 Deadhead credits apply YUL - YMX.

SR9.05.02 Flights scheduled and actually operating from Dorval to Dorval or from Mirabel to Mirabel are not considered as a "Co-Terminal" operation.

SR9.05.03 **Example 1 :-**

						PAY CREDITS
Ground Transport	YUL	-		YMX	-	0:20
866/2	YMX	-	2140	LHR	-	0855 6:15
857/4	LHR	-	1425	YYZ	-	1700 7:35
422/4	YYZ	-	1800	YUL	-	1900 1:00
						15:10

In the above example, on duty time would commence at 2000 and terminate 1930.

Example 2:

						PAY CREDITS
401	YUL	-	0700	YYZ	-	0810 1:10
942	YYZ	-	1050	BDA	-	1420 2:30
2955	BDA	-	1700	YMX	-	1830 2:30
Ground Transport	YMX	-		YUL	-	:20
					DPG	:20
						6:50

SR10 - MINIMUM MONTHLY GUARANTEE

SR10.01 GENERAL

SR10.01.01 When computing a pilot's pay entitlement for a complete month, the minimum monthly guarantee is as specified in Article 10 Minimum Guarantee.

SR10.01.02 For pilots operating part of a block month, the following applications will apply:

SR10.01.02.01 A blockholder or a reserve pilot who is away for part of a month due to leave of absence (including long term illness), removal from the payroll, or optioning a 24/48 in conjunction with vacation, will have his monthly minimum guarantee prorated for the period actually worked. Pilots, who have sufficient bank to offset the optional 24/48, will have these days considered in the proration of minimum guarantee.

SR10.01.02.02 A reserve pilot who is away for part of a month due to sick leave (Art. 19.05) will have his monthly minimum guarantee prorated for this period. He will be paid the greater of his average earnings versus the prorated minimum guarantee. A reserve pilot who is away for part of a month due to training (Art. 14.01) or vacation (Art. 18.05) will be paid for this period as per the relevant Articles. MMG proration will not apply for this period.

SR10.01.02.03 A pilot who is on duty for part of a month will always be paid the greater of his prorated minimum monthly guarantee or his actual earnings during the period worked.

SR10.02 PRORATE FORMULA:

$\frac{\text{Number of days in period worked} \times \text{M.M.G.}}{\text{Block days for Month}}$	= Prorated M.M.G.
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Example: Training / Vacation

A reserve pilot is on vacation for 14 days in a 31 day month, and accrues 38 hours in the period worked. The MMG for the month is 68 hours, while the DMM is 75 hours:

1. For the period worked, he will be credited the greater of:

$$17/31 \times 68:00 = 37:17 \text{ prorated M.M.G.} = \$$$

OR

$$38 \text{ hours of actual flying time} = \$$$

PLUS

2. For the period on vacation, he will be credited:

$$14 \times 2:55 = 40:50 = \$$$

Therefore, the pilot's flight credits for the month will be 78:50 hours (38:00 + 40:50). Since this exceeds the DMM or 78:00 hours, whichever is greater, the pilot will actually be paid 78:00 hours, the exceeding 0:50 hours being credited to his bank.

Note: If the pilot had been on training for the 14 days, Article 14 applies.

SR10.03 FLIGHT TIME LIMITATIONS:

For the purposes of flight time limitations, the following will apply:

- SR10.03.01 Blockholders will have 1/30th of the designated monthly maximum applied for each day of leave of absence, optional 48, or removal from the payroll.
- SR10.03.02 Reserve pilots will have 1/30th of the designated monthly maximum applied for each day of sickness, furlough, leave of absence, optional 48, or removal from the payroll.
- SR10.03.03 A pilot optioning 24/48 in conjunction with vacation who has sufficient bank time will have 4 hours per day applied for pay and flight time limitations.

SR11 - SICK LEAVE

SR11.00 This section is provided to outline additional information and some administrative procedures applicable to leave of absence, including sick leave. Sick leave provisions are established under Article 19 of the Agreement.

SR11.02 Sickness is defined as illness of the employee himself and includes injuries received while off duty.

SR11.03 Sick leave entitlement is outlined in Article 19.02 and 19.03 of the Pilots' Agreement. Currently this is 12 days at January 1st each year, plus accumulated sick leave entitlement as per Article 19.03. (See Article 19.02 for entitlement if employment begins after January 1.) For the purpose of this section, day shall mean a twenty-four (24) hour period or part thereof.

SR11.04 Except when the sick leave entitlement has been fully used, pay during sick leave will be as per Article 19.04, 19.05 and 19.08.

SR11.05 When a pilot's sick leave entitlement has been fully used and sickness occurs, the pilot may arrange to take unused vacation credits.

SR11.06 A pilot without sick leave or vacation credits will be covered by Article 20 (leave of absence without pay).

SR11.07 SICK LEAVE CHARGES

Deductions from a pilot's sick leave allowance (number of days) and pay under Article 19 of the Agreement begin at the same time as follows:

SR11.07.01 For blockholders, the sick leave period begins at the on-duty time when the blockholder is unavailable for his next scheduled flight. A day shall be charged for each 24 hour increment or part thereof. A pilot on sick leave who was awarded make-up flying will neither be charged for sick leave nor credited for the flying.

SR11.07.02 For reserve pilots, sick leave shall commence at the earliest on duty time of any assignment for which the pilot would have otherwise been alerted or assigned or at the time the pilot is unable to be contacted. A day shall be charged for each 24 hour increment or part thereof.

SR11.07.03 A reserve pilot who is off "sick if required" and desires to be paid and flight time limited prior to his being "required for flight duty" must advise Crew Scheduling at that time and he will be booked off immediately.

SR11.08 BOOK-OFF PROCEDURES

When a pilot anticipates that he may not be available for duty, it is necessary that Crew Scheduling be informed as early as possible. That early advice will not result in any additional charge against the pilot's sick leave allowance. That advice will be processed as follows:

SR11.08.01 Should a blockholder actually book off sick, he may place a "sick hold" on future flying. If Crew Scheduling are not advised prior to four hours before departure, the flights will be awarded.

- SRI1.08.02 If a blockholder does not actually book off, this advice will be used for planning purposes only, and will not result in the pilot being "booked off". The pilot must advise Crew Scheduling of his non-availability, otherwise, he will be expected to operate his flights.
- SRI1.08.03 A Reserve pilot who books "sick if required" will be actually booked off at the earliest on duty time of any assignment for which the pilot would have otherwise been alerted or assigned, or at the time the pilot is unable to be contacted. A Reserve pilot must advise Crew Scheduling of his availability for open time.

SRI1.09 SICK LEAVE CALCULATION

Calculation of the number of days of sick leave used and calculation of pay is based on the actual book-on time for blockholders. When the book-on time is prior to the termination of a flight in his block, pay is calculated only to the book-on time or to the completion of the 24 hour sick day as calculated from the book-off time. A blockholder who lost time as a result of this procedure is eligible to go on "make-up". When a reserve pilot books on, and subsequently flies in that 24 hour period, such book-on time shall be deemed to have been at the end of the preceding 24 hour period sick time.

- SR11.10** A pilot who is off sick and who expects to be available to fly may go on "make-up" or reserve availability, as appropriate; such pilot will be awarded flying in the normal manner provided that Crew Scheduling is advised by the pilot that he will be available for the flight. A blockholder on sick leave who was awarded make-up flying will neither be charged for sick leave nor credited for the flying.
- SRI1.11** A pilot who has been absent from duty due to injury or illness for a period of over seven (7) days must normally have a Company Medical Examination before resuming duty. At the discretion of the Company Physician, the requirement for a Company Medical Examination may be waived after discussion between the Company Physician and the pilot.
- SR11.12** A pilot who suffers injury or illness at any time which may affect medical fitness will check with a Supervisor and the Medical Department prior to any flight duty.

SRI1.13 BEREAVEMENT/COMPASSIONATE LEAVE

Compassionate/bereavement leave is not sick leave. Provisions for compassionate/bereavement leave are outlined in Company Manual 707. For other personal reasons, time off may be arranged through the pilot's base supervisor (see SR5.04 for applicable rules when flights are dropped or exchanged).

SR12 – BANK PLAN

SR12.01 GENERAL

- SR12.01.01 In accordance with Article 7.03, 17.01, 17.02, and 17.11 of the Collective Agreement, the Bank Plan will be applied as per this Section.
- SR12.01.02 The bank plan is designed to limit a pilot's payment of monthly flight credits to the designated monthly maximum or seventy-eight (78) hours, whichever is greater. It does not limit flight hours, rather it provides greater flexibility via "legality" rules to bank excess time.
- SR12.01.03 Bank time will not be used to offset Minimum Monthly Guarantee.
- SR12.01.04 Any pilot whose monthly flight time credits exceed the designated monthly maximum or 78:00 hours, whichever is greater, will have the excess placed in his bank where it will accumulate and be applied as a start credit for monthly bid preferences or to obtain seventy-eight hours or the DMM, whichever is greater. The bank time is always paid at maximum rates (night, gross weight).
- SR12.01.05 Pilots converting to new equipment and/or status will have bank credits (positive/negative) converted as per the provisions of Article 7.03.06.

SR12.02 BANK CAP DETERMINATIONS

- SR12.02.01 Factors resulting in the reduction of the bank cap (the designated monthly maximum or 78:00, whichever is greater, in a month) are as follows:
 - SR12.02.01.01 Assignment to line (i.e., a new pilot on completion of ground school will have the bank cap reduced by the number of days in that month prior to assignment).
 - SR12.02.01.02 Return from Permanent Management Pilot, Acting Check Pilot, or Acting Flight Instructor duties or vice versa.
 - SR12.02.01.03 Absences from the payroll (i.e. leave of absence without pay account illness, etc.).
 - SR12.02.01.04 A reserve pilot on training or vacation in accordance with Articles 14.01 and 18.05 will have the cap reduced by the number of days of such entitlement.
- SR12.02.02 In calculating the Bank Cap under conditions listed in SR12.02.01 above, the designated monthly maximum or seventy-eight (78) hours, whichever is greater, is multiplied by the number of block days less days not applicable for cap purposes and divided by total block days.

SR12.02.02.01 BANK CAP FORMULA:

# of block days less days not applicable for cap purposes	x	DMM or 78 hours, whichever is greater	=	Prorate Bank Cap
Block days for Month				

Example:

A reserve pilot is on training or vacation for 15 days in a 31 day month. he accrues 42:40 hours in the period worked. The DMM is 82:00 hours.

- 1. Training as per Art. 14.01, Vacation as per Art. 18.05

$\frac{31 \text{ less } 15 \text{ training/vacation days} = 16}{31}$	x	82:00	=	42:20 Prorate Bank Cap
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- 3. Prorated Bank Cap 42:20
- Actual Flying 42:40
- Therefore, bank credited 00:20

SR12.03 BANK TIME UTILIZATION

SR12.03.01 A pilot with positive bank time may request that a start credit be applied toward his Monthly maximum block projection. This request must be done at the time such pilot is bidding his monthly assignment. The approval of such request will be subject to crew coverage.

SR12.03.02 A pilot bidding a block selection with bank credits in excess of twenty (20) hours will have the excess automatically applied towards his monthly block total.

Example: A pilot has 23:40 in his bank, the system will automatically assign 3:40 against his maximum block projection and build a block to a maximum of 74:20.

$(78:00 - 3:40 = 74:20)$

SR12.03.03 A reserve pilot having bank credits in excess of twenty (20) hours should indicate the day(s) from which he wishes to be released subject to the approval of the Chief Pilot or his designate. This should be done by the tenth (10th) day of the "current month ". If the pilot did not make this designation, the Company may designate the duty day(s) to be dropped in that month. Bank credits of four (4) hours will be applied against each calendar day.

SR12.03.04 A reserve pilot with positive bank credits not in excess of twenty (20) hours will have the option to drop duty days once the month is in progress subject to the approval of the Chief Pilot or his designate. Bank credits of four (4) hours will be applied against each calendar day.

SR12.04 VACATION EXTENSION - BANK USAGE

SR12.04.01 A pilot may elect to apply his bank credits toward additional vacation days at the rate of four (4) hours for each calendar day. Such pilot must request the additional days when bidding his monthly assignment.

SR12.04.02 When a pilot exercises his option for a twenty-four (24) or forty-eight (48) hour period in conjunction with his vacation, he will have a four (4) hour credit applied to his flight time for each twenty-four (24) hour period. If a pilot does not have sufficient bank time, he will have his monthly block projection reduced by 1/30th of the designated monthly maximum for each twenty-four (24) hour period, and the minimum monthly guarantee shall be prorated accordingly. The option of using an optional 24/48 in conjunction with vacation must be requested when a pilot is bidding his monthly block assignment.

Example: A pilot who has a total of 7:52 in his bank and is requesting an optional 48 in conjunction with his vacation will have 4 hours applied for the first 24 hour period and have the monthly block reduced by 1/30th of the designated monthly maximum for the second 24 hour period.

SR12.05 BLACKOUT PERIODS

During specified periods as agreed to by the Company and the Association, including the period December 20th to January 3rd, requests for additional days off will not be allowed except in conjunction with vacation, and optional 24/48.

SR12.06 ERROR ADJUSTMENT

Errors to a pilots flying credit summary and pay when corrected will be credited/debited to the pilots bank in the event the pilot was paid the monthly maximum. In the event the pilot was not paid the monthly maximum, he shall be issued a cheque to bring his pay up to the monthly maximum and the remainder credited to his bank. Where the pilot is being debited and there are no bank credits available the pilots negative bank will be utilized to handle the debit up to the maximum of the negative bank.

SR12.07 NEGATIVE BANK

SR12.07.01 A pilot may use negative bank up to thirteen hours thirty minutes (13:30) to increase monthly flight pay up to the designated monthly maximum or seventy-eight (78:00) hours, whichever is greater.

SR12.07.02 Any amount of negative bank may be borrowed in any one month but not to exceed the maximum as described in .01 above.

SR12.07.03 The negative bank borrowed may not be used to offset loss of flight pay due to sickness or dropping of flights.

SR12.07.04 Any bank credit will be used to offset any negative bank balance prior to being credited to his bank.

SR12.07.05 Negative bank will not be used to offset monthly minimum guarantee.

SR12.07.06 A pilot who elects to borrow from the negative bank must advise Crew Scheduling no later than two (2) days after block month end.

SR13.01 CANCELLED FLIGHTS IN HOME BASE SEQUENCE

Example	Flt	252	YYZ	1100	YUL	1200	-	1:00
		305	YUL	1400	YYZ	1510	-	1:10
		305	YYZ	1655	ORD	1715	-	1:20
		304	ORD	1830	YYZ	2045	-	1:15

- SR13.01.01 If Flights 252 and 305 (YYZ-YUL-YYZ) in Example 1 are cancelled and 305-304 (YYZ-ORD-YYZ) are subsequently operated on schedule, the duty period (1 in 2) for guarantee purposes would commence in this case at 15:40 and terminate at 21:00 if the pilot had been advised of the cancellation prior to arriving at the airport at 9:45 for the scheduled departure of Flight 252; otherwise the duty period (1 in 2) for guarantee purposes would commence at 9:45.
- SR13.01.02 If Flights 252 and 305 (YYZ-YUL-YYZ) in Example 1 are operated on schedule and 305, 304 (YYZ-ORD-YYZ) are cancelled, the following would apply:
 - SR13.01.02.01 Where 305 and 304 (YYZ-ORD-YYZ) are cancelled prior to scheduled departure of 305, then duty period (1 in 2) for guarantee purposes should terminate at 15:25 or the time of cancellation, whichever is later, assuming a scheduled arrival at YYZ of the YUL-YYZ leg of 305.
 - SR13.01.02.02 Where 305 and 304 (YYZ-ORD-YYZ) are cancelled after the scheduled departure of 305 (YYZ-ORD) then the duty period (1 in 2) for guarantee purposes would terminate at the time of cancellation.
- SR13.01.03 At some bases, it is possible there will be sequences made up of three pairs. In this event, a similar application would be made to cancellation of either the first or last pair as outlined in SR13.01.01 or SR13.01.02 above. If only the middle pair should cancel, then it is understood that the duty period (1 in 2) would run continuously.
- SR13.01.04 If the pilot has reported to the airport to operate Flight 252 in Example 1 schedule and the flight is involved in a delay but subsequently operates as Flight 252, or its replacement, then the duty period (1 in 2) for guarantee purposes would commence at 9:45. If, on the other hand, the pilot is contacted prior to leaving home for 252 and advised of the late operation then duty period (1 in 2) for guarantee purposes would commence one hour and fifteen minutes prior to actual time of departure or the required reporting time.
- SR13.01.05 If a pilot has reported to the airport and fails to operate a flight for which he was assigned (blockholder or reserve) but subsequently operates another flight, except as in .04 above, the duty period (1 in 2) for guarantee purposes would commence one hour and fifteen minutes prior to the planned departure of the flight which failed to operate.
- SR13.01.06 If a pilot reports to the airport for Flight 252, and he is on reserve or is a drafted blockholder, and the flight is put into a lengthy delay and subsequently cancels along with Flight 305; then the pilot shall be paid the applicable duty period guarantee from 9:45 until the time of cancellation as he is at the airport "at Company request" as per Article 17.10.01.02 of the Agreement.

SR13.01.07 If a blockholder reports to the airport for Flight 252 which is put into an indeterminate or lengthy delay, he may request at 12:00 (one hour after the scheduled departure time of flight 252) to be relieved of the complete pairing. Such decision shall be at the discretion of Crew Scheduling when the pilot is required to remain for the possible departure of Flight 252, then the provisions of Article 17.10.01.02 will apply.

SR13.02 DEADHEADING AT COMPANY REQUEST TO START OR COMPLETE DUTY PERIOD OR TRIP TIME

SR13.02.01 To start a duty period (1 in 2) where D/H credits applicable under SR9.03

Example	D/H Flt	808	YVR	1200	YWG	1625
		853	YWG	1920	YVR	2130

Duty period (1 in 2) for guarantee pay would start at 11:30 and assuming a schedule operation of 853, terminates at 21:45

SR13.02.02 To complete a duty period where D/H credits applicable under SR9.03

Example	Flt	705	YUL	1325	YYZ	1440
	D/H Flt	704	YYZ	1515	YUL	1625

Duty period guarantee (1 in 2) pay would commence at 12:10 based on a schedule departure of Flight 705. It would normally terminate at 16:40 assuming a schedule operation of Flight 704. It is understood that if the pilot is unable to deadhead on the designated flight and is able to furnish proof of his inability to do so then his guarantee would be extended to cover the actual deadhead flight. This is applicable only where deadhead credits are allowed in accordance with SR9.03.

SR13.03 DEADHEADING DUE TO IRREGULAR OPERATIONS

SR13.03.01 To start a duty period where D/H credits not applicable in accordance with SR9.04 (not at Company request)

Example	Flt	252	YYZ	1100	YUL	1200	-	1:00
		305	YUL	1400	YYZ	1510	-	1:10
		305	YYZ	1655	ORD	1710	-	1:20
		304	ORD	1830	YYZ	2045	-	1:15

If Flight 252 should cancel and the pilot elects to D/H for flight 305 without credits in accordance with SR9.04.01, then the duty period (1 in 2) for guarantee purposes would commence at 12:45 assuming a schedule departure of 305 in YUL. Further, should the pilot miss 305 YUL-YYZ for any reason or should the flight cancel after his arrival at YUL and he ends up chasing his 305 (YYZ-ORD) and subsequently operates its schedule then his duty period (1 in 2) for pay purposes would commence at 15:15. The maximum scheduled duty period would commence thirty (30) minutes prior to the planned departure time of the flight on which the deadhead movement took place.

SR13.03.02 To start a duty period where D/H credits are authorized in accordance with SR9.03 (at Company request)

Using the same set of circumstances outlined in SR13.03.01 above, when a pilot is ordered to D/H to chase his block flights, then guarantee would also be applicable in accordance with Article 17.10.03 of the Agreement.

SR13.03.03 To complete duty period or trip time where D/H credits authorized in accordance with SR9.03 .

Example	Flt	850	YVR	0955	YYZ	1700
		851	YYZ	1900	YUL	2050

If Flight 851 should cancel and the pilot deadheads to his home base, D/H credits will apply and the duty period guarantee will be the same as in SR13.02.02. If the deadhead to home base cannot be made until the following day, then DPG credits would be applicable in accordance with Article 7.01, 12.02 and 17.10 of the Agreement as follows: flight time and DPG credits, if applicable, or the first day calculated from the commencement of duty at 08:40 until fifteen (15) minutes after arrival in YYZ or until time of cancellation of flight 851, whichever is later, and deadhead credits and DPG credits, if applicable, or THG based on commencement of duty at 08:40 until arrival at home base on the first flight with space available.

SR13.03.04 En route cancellations or away from home base irregularities after commencement of duty.

Example	Flt	861	YUL	2345	YWG	0300	
		861	YWG	0345	YVR	0540	L/O 30:55
		800	YVR	1405	YUL	2340	

Let us assume that the pilot operated 861 YUL-YWG schedule and the flight cancelled YWG-YVR account mechanical.

If he elects to chase his 800 YVR-YUL as provided in SR9.04.01 and subsequently operates 800 back to his home base there would be no break in trip time for application of THG. However, DPG would be applicable only to the YUL-YWG portion of 861 and along the lines of the Example in SR13.03.03 and would terminate at 03:15 CST. There would be a normal application to the operation of flight 800 YVR-YUL.

If, in the same example, the pilot is required to deadhead to YVR to fly his 800 YVR-YUL, then DPG would be applicable in accordance with Article 17.10.03 of the Agreement.

SR14 - IRREGULAR OPERATIONS

SR14.01 GENERAL

It is not considered feasible to establish rules for system-wide application to govern pilot scheduling during periods of irregular operations. It is during these periods that many branches of the Company's service are taxed to the limit with the brunt of the burden falling on the Flight Operations Department, and particularly on our flight crews. Generally speaking, the least disruption to pilots will usually result if blockholders remain with their assigned flights. It is appreciated, however, that depending upon the route pattern and geographical location of layover points, uniform application of such policy might not provide the best operational protection and might also create an unwarranted hardship on one particular crew.

In view of the many variable factors involved, it is considered more practical for the Chief Pilot on the applicable equipment, in collaboration with the Base Pilot Scheduling Committee, to adopt certain basic rules which will apply during periods of irregular operations, based on the problems peculiar to the pilot base. As local base rules must conform with the general policies specified in the Agreement, or with system rules which may be in effect at the time, such local rules shall be approved by Flight Operations Headquarters and ACPA prior to adoption. There are certain system rules which shall apply during irregular operations as follows:

SR14.02 MAJOR DISRUPTIONS OF OPERATIONS

During major disruptions to operations, such as those caused by severe weather systems, reduced airport capacity caused by unforeseen events involving third parties, etc., crews will be expected to remain available to protect the operational interests of the Company if they are affected by such disruptions. Crews desiring return travel to their home base via other than Company flights shall first clear such action with the Chief Pilot or his designate.

SR14.03 CONSOLIDATIONS

The designator of the flight which operates will govern the crew to be assigned.

SR14.04 CANCELLATIONS AND RE-DESIGNATIONS

When a flight is cancelled and re-designated (operating to the same destination) it will be assigned to the crew whose flight was cancelled. Where co-terminal operations are in effect they are considered as one (for the purpose of this section).

Examples:

- Flight 370 YYB-YYZ is cancelled due to oversale and Flight 2370 is set up to operate YYB-YYZ.
- Flight 478 YYZ-YUL is cancelled and Flight F012 YYZ-YUL is set up to place the same equipment in YUL operating in the same approximate time span.
- Pairing DC-8 placement Flight YUL-YMX, 469 YMX-YYZ, 484 YYZ-YOW, 483 YOW-YYZ, 876 YYZ-YMX. Placement flight is cancelled. Then DC-8 substituted on Rapidair 401 YUL-YYZ. The pilots shall operate Flight 401.

SR14.05 SUBSTITUTION OF EQUIPMENT

When a different type of equipment to that which a pilot is competent on is substituted on a flight, such flight shall be assignable to a pilot affected as in SR8.10 or SR14.11; otherwise, it shall be considered an "open" flight and coverage arranged accordingly. The pilot on the substituted flight shall not be entitled to flight pay or time credit for the trip missed, except as covered in Article 12 and Article 11.12 of the Agreement.

Examples:

Flight 460 YYZ 1800 YUL 1900 normally A-320 equipment, is now substituted by DC-9 equipment.

Flight 478 YYZ 2000 YOW 2050
YOW 2110 YUL 2140 normally DC-9 equipment,
is now substituted by A-320 equipment.

(YUL is a scheduled layover point or home base).

A-320 Crew

This crew will now operate Flight 478 YYZ-YOW-YUL (subject to legality).

DC-9 CREW

This crew if legal and in position will now operate Flight 460.

SR14.06 DELAYS AFFECTING MINIMUM HOME BASE REST PERIODS

A blockholder will not be required to leave his home base in violation of the minimum required off-duty rest period of 11:30 hours specified in Article 17.04 of the Agreement. The pilot may, at his discretion, reduce his minimum home base rest period to no less than ten (10) hours.

Under these circumstances, the flight(s) will be "open" and pilot coverage arranged accordingly.

SR14.07 DELAYS AT HOME BASE AFFECTING MAXIMUM SCHEDULED DUTY PERIODS

If a flight is delayed at a pilot's home base after he has reported for duty, to the extent that the maximum scheduled duty period will be exceeded, the flight may be flown in the same manner as if the delay had occurred enroute as provided in Article 17.03.02.13.01 and 17.03.03.11.01 of the Agreement. If the flight crew anticipate that a delay for crew rest may be called enroute, then a reserve crew should be called to operate the flight, or the enroute crew rest delay accepted.

SR14.08 DELAYS AFFECTING SCHEDULED LAYOVER REST PERIODS

When the outgoing and incoming flights provide a scheduled layover rest period as specified in Article 17 of the Agreement, and the outgoing flight is delayed to the extent that the minimum layover rest period cannot be provided and the outgoing and incoming flights cannot be flown within the maximum scheduled duty period, the decision to fly the return flight on schedule shall be left to the discretion of the pilots concerned under the application of Article 17.03.04 of the Agreement. If the pilots do not elect to turnaround on schedule, and the return flight cannot be handled by another crew at the turnaround point, then a delay for crew rest should be taken either at the originating base or at the turnaround point.

SR14.09 A pilot who is unable to deadhead to his home base due to irregular operations, must remain available for any necessary flight duty or may be placed on crew rest after which he must be available for any necessary flight duty until such time as he is able to deadhead or operate a flight back to his home base.

SR14.10 A pilot operating in excess of the maximum duty day may continue at his option even though passing through a crew base but not home base. A pilot who wishes to be relieved at a crew base must inform Crew Scheduling of his intentions as early as possible so that a reserve pilot may be alerted when necessary.

SR14.11 ONE-WAY FLIGHTS (INTO A CREW BASE) and FLIGHT DISRUPTIONS (THROUGH A CREW BASE)

SR14.11.01 When the best operational interest will be served, a pilot operating a one-way flight into a crew base, or whose flight to his home base or scheduled layover point has been disrupted, will be assignable to any unassigned one-way flight which will return or continue him on to his home base or scheduled layover point where practical. A reserve pilot assigned at that base may be displaced for this purpose, regardless of seniority, subject to the required three (3) hour displacement rule (ref. SR8.06). In the case of pilots being on make-up and/or immediate make-up for the flying in question, normal system seniority shall prevail.

EXAMPLES OF ONE-WAY FLIGHTS

Flight 636 YUL-YQM is open with a deadhead return. A crew losing flying YUL to layover point YQM would be assigned Flight 636 YUL-YQM.

Flight 615 YUL-YOW-YYZ is open with a deadhead return. A crew deadheading to home base or layover point YYZ from YUL would be assigned Flight 615 YUL-YOW-YYZ.

Flight F069 YUL-YYB and Flight C012 YYB-YYZ are open with a deadhead return. A crew deadheading to home base or layover point YYZ from YUL could not be assigned these flights as they do not conform to the "one-way return to home base".

SR14.11.02 Except as provided in SR14.09, if there is no flight available on which a blockholder can be returned to his home base under the provisions of this paragraph, he may only be required to remain at the base on a stand-by basis for a period which would hold him no more than two (2) hours beyond the departure time of the flight he was scheduled to deadhead on or operate, without providing definite information as to a specific flight to be covered. If no definite information can be given prior to the expiration of this waiting period, he shall be allowed to deadhead home. This rule applies only at a base where there is other coverage available.

SR14.12 IRREGULARITIES REQUIRING DEADHEADING

A pilot may be required to deadhead to pick up the balance of his blocked flights (or awarded flights) when a portion of a flight sequence is missed because of cancellation, consolidation, misconnection or substitution. (Article 12.03 of the Agreement).

In such circumstances Crew Scheduling will advise the pilot as early as practicable whether or not he will be required to D/H to pick up the balance of his flight sequence.

SR14.12.01 The pilot will be required to D/H to fly the flights in his block except when a double deadhead movement would result.

SR14.12.02 The pilot will be required to D/H to fly the balance of the flight sequence, even though a double deadhead results, whenever the reserve pilot who is covering a portion of that flight sequence is required to provide adequate reserve coverage at his base.

SR14.12.03 The pilot will be required to D/H to protect the balance of the flight sequence, even though a double deadhead results, if the deadhead movement does not increase the total crew cost.

SR14.12.04 Notwithstanding the provisions of SR12.01, SR12.02 and SR12.03 above, provided there is adequate reserve coverage at his base for the initial portion of the flight sequence, the pilot will not be required to deadhead to fly a portion of the flight sequence if by so doing it would obviously result in the pilot missing other flying in his block which would cause a greater **loss** of time.

Example: Flt	456	YYZ	1700	YUL	1800
	567	YUL	1900	YYZ	2000
	789	YYZ	2100	YVR	2200

If Flight 456 should cancel or be subject to equipment substitution and the operation of Flight 567 necessitates a deadhead, the blockholder will be required to deadhead to YUL, subject to space availability and ability of the blockholder to arrive in time to operate Flight 567.

If in the above example flight 567 is planned to operate late so that a misconnection to flight 789 would result, the blockholder will not be required to D/H to fly flt. 567 if adequate reserve coverage is available.

SR14.13 PROCEDURES WHEN A PILOT ELECTS TO CHASE A BLOCKED FLIGHT

When a blockholder is not required to deadhead to pick up the balance of his blocked flights following consolidation, cancellation substitution or misconnection, he may elect to deadhead to any domestic terminal in order to fly the flight or flights for which he is legal. Deadhead pay and credits shall not apply and DPG and THG credits shall be applicable only for the flights actually flown. (Article 12.04 of the Agreement)

- SR14.13.01 When Crew Scheduling has determined that the blockholder is not required to deadhead, following cancellation, substitution, consolidation or misconnection, he will be **so** advised as soon as practicable. The blockholder will then immediately inform Crew Scheduling of his intent to elect or not to elect to deadhead to fly the balance of the flight sequence.
- SR14.13.02 When the blockholder elects to fly the balance of his flight sequence, only the portion which he could not fly will be offered as open time. However, a pilot awarded the portion which the blockholder could not fly will normally be required to remain in position to protect the balance of the flight sequence. In those circumstances when the pilot on make-up flies all or a part of the balance of the flight sequence, the additional portion will not be considered as a draft.

SR15 – INVOLUNTARY ASSIGNMENT PROCEDURES

SR15.01 OBJECTIVES/DEFINITIONS

SR15.01.01 The Company, its pilots and the Association have at least two common objectives:

- To provide the best possible service to the travelling public consistent with sound economic consideration.
- To provide the best possible working conditions for all pilots, and other Company employees, consistent with the considerations necessary to achieve the first and primary objective.

The Company recognizes that drafting is undesirable and wishes to avoid drafting wherever possible. Nevertheless the Scheduling Rules must provide an orderly sequence to be followed by the Crew Scheduling Office when involuntary assignment is necessary to provide flight coverage.

SR15.01.02 A pilot will be considered drafted when any of the following events occur. A pilot will attract a 25% premium to the drafted flying under the provisions outlined in SR15.06.

Note: Exceptions are flying assigned under the provisions of Article 11.12 (Pay protection).

SR15.01.02.01 The blockholder was assigned to involuntary flying from his home base.

SR15.01.02.02 The blockholder was assigned to involuntary flying on a scheduled working day which increased his flight credits in relation to his scheduled flying which was missed because of the draft.

SR15.01.02.03 The blockholder was assigned to involuntary flying which prevents him from operating his block flights or deadheading to chase his blocked flights when such a deadhead would be possible or from deadheading to home base following flight cancellation.

SR15.01.02.04 The blockholder was assigned to involuntary flying on a scheduled working day which he performed in addition to his scheduled flights, and he attained increased flight credits for that working day as a result of the draft.

SR15.01.02.05 The blockholder was assigned to involuntary flying away from home base when:

SR15.01.02.05.01 His blocked flying was operating and he could have legally performed that flying.

SR15.01.02.05.02 His blocked flying cancelled and he could have legally "chased" his blocked flying or deadhead home in the same time span (approximately two hours before and after) as his cancelled flying.

SR15.01.02.05.03 The drafted flying operates in the same time span as his cancelled blocked flying, and as a result of such drafted flying he accrues increased flight credits.

- SR15.01.02.06 The blockholder was assigned flying in accordance with Article 11.03 (Move-up), SR8.11 and SR14.11 (one-way flights), SR8.08 (15 minute connection rule), and SR15.03 (extension of operations).
- SR15.01.02.07 A reserve pilot is drafted for flying from his home base on an optional 24 or 48 hour off duty period.

SR15.02 PROCEDURES

- SR15.02.01 When it becomes known by Crew Scheduling that a draft is inevitable, they will contact the pilot concerned and offer the flight(s) which are available and for which he is legal (Article 17.01.02) rather than cover the flights first from reserves and draft for what is remaining.

Drafting will be done on a personal contact basis only, and not earlier than thirty-eight (38) hours in advance of the planned departure time of the drafted flying. Where additional flying not foreseen at awarding time causes a draft situation, it will be covered in the following manner:

- SR15.02.01.01 The pilot drafted may be assigned new flying, OR
- SR15.02.01.02 The pilot drafted may be assigned to previously known flying and the reserve pilot, whose flight has been reassigned to the drafted pilot, will be re-alerted for the new flying.

The following steps shall be followed by the Crew Scheduler on duty when drafting becomes necessary.

- Step 1 - A pilot may indicate his availability for an involuntary assignment by placing his name on a Draft Availability List. This list will be maintained and updated on a daily basis by the Crew Scheduling Department. Pilots who have indicated their availability will be contacted and offered flying in accordance with their seniority for which they are legal, based on sound economic principles, with due regard to seniority.
- Step 2 - When the Crew Scheduler has sufficient time (normally 2 hours or more) to make the necessary contacts, the most junior blockholder legal shall be assigned subject to a more senior blockholder legal being offered and accepting the flying. However no calls shall be initiated between 2200 hours and 0700 hours for such flying.

Step 3 - The most junior qualified pilot at the base who is not on minimum home base rest period, or on one of his designated forty-eight (48) hour or seventy-two (72) hour off duty periods, provided his assignment to such flying will not result in another draft situation to cover his next blocked flight. A reserve pilot on scheduled time off is subject to drafting under this Rule if he is the junior qualified pilot and will have had a minimum of forty-eight (48) hours off-duty at home base from the termination of his last preceding period of reserve or flight duty and the commencement of duty prior to the flying for which he is drafted; or, if he has not had forty-eight (48) hours off-duty at home base, the draft will not result in his being on duty for more than five (5) consecutive days. (The forty-eight (48) hours referred to in this paragraph for blockholders shall be increased to sixty (60) hours and for a reserve pilot sixty (60) or sixty-two (62) hours, as applicable, if his preceding duty period extended into his designated off-duty period(s).)

Step 4 - The most junior qualified pilot at the base who is not on minimum home base rest period, but is on one of his designated off-duty periods, provided his assignment to such flying will not result in another draft situation to cover his next blocked flight. This means as well that a pilot with flying time available will be used prior to one who will be or is already over-projected. When drafting under this Rule, the Crew Scheduler will designate the off-duty period which the pilot will be given in return for the one that is being interfered with. Except at pilot option, the re-designated off-duty period may not precede the flight for which the pilot is drafted. If such designated off-duty period cannot be given in the current month, the pilot may not be drafted (exception Article 11.08). A reserve pilot is not subject to drafting under this rule. This is in order to avoid complete disruption of subsequent reserve duty days and the Company's reserve coverage, which could result in further drafting being necessary. (This includes pilots removed from their block selection and assigned to reserve duty Reference SR5.02).

SR15.02.02 In the case of a Captain draft, the above steps will include only qualified pilots currently holding a Captain assignment. Flying pay for blockholders assigned to flying under Steps 1, 2, and 3 shall be in accordance with the provisions of Article 11.07 of the Agreement.

SR15.02.03 If a blockholder on make-up or adequate reserves becomes available after a pilot has been drafted for a sequence of flights, he may, at his option, complete the sequence of flights or terminate his duty day at his next arrival at home base. Adequate reserves will exist if a reserve pilot is available and is not planned or required for other flying.

SR15.02.04 A pilot may not be drafted for a flight which interferes with his planned vacation period.

SR15.02.05 A reserve pilot is subject to drafting under Step 3 only during his optional 48, or during an optional off-duty period when the preceding period of reserve is not more than five (5) days. The off-duty period lost as a result of a draft will be replaced.

SR15.03 EXTENSION OF OPERATIONS

SR15.03.01 When a layover/turnaround pilot is requested by the Company to operate a flight(s) which is a logical extension to his blocked flying and be legal for his return blocked flight such layover/ turnaround pilot may be assigned to the flight before leaving home base or not later than the arrival time at such layover or turnaround point. A pilot shall not lose flying pay as a result of this assignment. Any flying which is not a logical extension to a pilot's blocked flying will be handled by the other procedures identified in SR15 or handled as open time in accordance with SR7.

If after two such assignments taking place on non-standard layovers during the silent hours, the pilot may at his option drop the remaining flights in his block and stand normal reserve for the balance of the month. In this case all flying performed during the month will be handled as if the pilot was assigned to reserve duty at the start of the block month.

Example 1: 308 YYZ 0745 YQB 0900
 353 YQB 1540 YOW 1630
 463 YOW 1740 YYZ 1830 Duty time 12:15

Flights 2558 and 2511 are set up to operate YQB-YZV-YQB departing YQB 0930 and arriving YQB 1230.

This flying would be a logical extension to Flight 308 in the above example.

Example 2: 162 YYZ 2055 YOW 2145
 441 YOW 0600 YYZ 0655 Duty time 11:30

Flights F013 and C014 are set up to operate YOW-YYZ-YOW departing YOW at 2215 and arriving YOW 0100.

This flying would be a logical extension to the pairing in the above example.

Example 3: 227 YUL 1310 YQG 1435
 206 YQG 2025 YUL 2145 L/O 28:20

Flights F029 and 2214 YQG-YWG-YYZ are set up to depart YQG 1600 and arriving YYZ 2045.

This flying, even though the pilots could legally operate and/or return to YQG, would not be a logical extension and such flying would be considered as open flying.

Example 4: 308 YYZ 0745 YQB 0900
 353 YQB 1540 YOW 1630
 463 YOW 1740 YYZ 1830 Duty time 12:15

Publicity flights departing and arriving YQB, scheduled for the stopover in YQB, would be included in the above pairing as logical extensions except that in the above example, when four (4) such flights are scheduled then, as per the restrictions in Article 17.03.02.07, such flying would be considered as open flying and not handled as an extension of operations.

SR15.03.02 A pilot scheduled to terminate duty at his home base shall not have additional flying added to his blocked flying except as provided for otherwise in the scheduling rules.

SR15.04 UNSCHEDULED REROUTING

When a pilot's scheduled flight is routed through a station to which it was not scheduled in the original pairing and such a rerouting results in a **loss** of flying time because of overprojection of his monthly flying or illegality for a blocked flight as a direct result of such rerouting he shall be paid and credited the greater of:

SR15.04.01 the flying actually performed, **OR**

SR15.04.02 the pairing as originally scheduled plus the flying time **lost** due to overprojection or illegality.

The provision of this paragraph is not applicable when a flight is re-routed because of weather, technical reasons, enroute fuel stops, mechanicals or alternate operations.

SRI5.05 INVOLUNTARY ASSIGNMENT LEGALITIES

SR15.05.01 In accordance with Article 11.07 through 11.09 of the Agreement the blocked flights missed (including awarded open time) are compared to the draft operation and the greater dollar wise, regardless of flight time value, is applied for pay purposes.

Example:

Assumptions: DMM = 81 hours, VFH = 7
Max Plan = 88, Max Proj = 90

Due to previous block growth, a pilot's block is projected to 2 hours less than DMM + VFH (86 hours) with a flight credit for his last pairing of twelve hours. Subsequently he is drafted to operate a short turnaround worth four hours twenty five minutes (4:25). Because he has been drafted, he can no longer depart home base legally, as per Article 17.01.02.02, as his block would then exceed DMM + VFH, therefore he is compelled to drop his last pairing. In this case, he would forfeit the four hours twenty-five minutes (4:25) draft pay for the pay for his last blocked pairing twelve hours (12:00). He would thus be paid for eighty-one hours (81:00) and five hours (5:00) would be credited to his bank. Thus, in accordance with the draft articles of the Agreement, a pilot will always receive the greater pay in relation to the draft versus his last pairing(s) which he would be compelled to drop as he no longer had sufficient time available to depart home base legally on his last pairing(s).

SR15.05.02 Pilots who are drafted over the block month end shall be paid the greater of the drafted flying versus the applicable credit of his pairing in the current month and the greater of the drafted flying versus the portion of credit on his pairing in the new month.

SR15.06 INVOLUNTARY ASSIGNMENT - PREMIUM

SR15.06.01 A draft premium equal to twenty-five (25)% of the pay hours and credits will be paid (cash cleared) including any applicable THG or DPG when one of the following conditions apply:

- SR15.06.01.01 All flying a blockholder operates prior to or after any pairing awarded in his block or on make-up. (e.g., a pilot is awarded a pairing on make-up that starts at 10:00 and is scheduled to finish at 16:00. If the Company drafts the pilot to operate a flight or flights prior to 10:00 or after 16:00, the draft premium will be applicable only to the drafted flying, deadheading, and applicable duty period guarantee or trip hour guarantee as defined in Article 17).
- SR15.06.01.02 All flying a blockholder operates on a day or days off.
- SR15.06.01.03 A reserve pilot is drafted at home base on a optional twenty-four **(24)** or forty-eight **(48)** hour off-duty period. A reserve pilot drafted under Step 1 of the drafting procedure (draft availability list) will forfeit his optional days off. Any reserve pilot involuntarily drafted will have his optional days off replaced in accordance with Article 17.06.
- SR15.06.02 Exceptions for blockholders:
- SR15.06.02.01 The draft premium will not apply when a blockholder is required to operate a flight on which he was originally scheduled to deadhead, due to consolidation, cancellation, substitution, misconnection or operational reasons.
- SR15.06.02.02 The draft premium will not apply to flying performed while under pay protection (Article 11.12) that takes place entirely within the pay protection window.
- SR15.06.02.03 In the event of an unplanned diversion (weather, mechanical, medical or other emergency) on the last flight of a pairing, the draft premium will not apply to the direct return flight to home base, unless that last flight had originally attracted draft premium.

SR16 – FLYING PAY CLAIMS PROCEDURES

SR16.01 AWARDING ERROR

In cases where two (2) pilots are legal and Crew Scheduling errs by awarding or assigning a flight to the wrong pilot, both pilots will be paid for the flight. If the error is corrected at least three (3) hours prior to departure time, there is no claim, except as provided in Article 11.12 (Pay - Protection).

If the error is not corrected at least three (3) hours prior to flight departure, the pilot legally entitled to the flight will be paid the greater of the actual flights operated or the flights awarded in error.

SR16.02 NON-PAYMENT OF FLYING WHEN PILOT ILLEGAL

In cases where a pilot operates a flight for which he was not legal, whether or not he knew he was illegal, only the senior legal pilot filing claim to the flight shall receive flying pay. If payment for the flight has already been made, and a claim is subsequently received from the pilot who was legally entitled to the flight, payroll deduction of the over-payment will be made from the pilot who operated the flight illegally. No pay claim shall be affected by subsequent flying performed at either party's request. Unless the claim is settled in the pilot's favour prior to the block month's end a pilot may exclude this flying for legality purposes. Subsequent to the end of the block month should the claim be settled in favour of the pilot, he shall be paid up to the monthly maximum for the applicable month and the remainder deposited in the pilot's bank. No subsequent claims resulting from the same situation will be considered.

SRI6.03 PROCEDURES

The following procedure is to be used in the handling of claims for pay and minor scheduling irregularities and is designed to provide an orderly and expeditious means of processing the majority of claims. Initially, the pilot claiming the irregularity may be able to resolve the matter on a one to one basis through the Crew Scheduling Department. Should this not be possible, the pay claim should then be discussed with the ACPA Base Pay Claims Chair who will assess the claim and advise the pilot of his findings. If not satisfied, the pay claim should then be instituted at Step 1. In the case where there is no pilot legal to pay claim, the Association shall have the right to initiate a pay claim under this Section.

Step 1: The Pay Claim shall be submitted on the proper form (see Appendix A) with all necessary documentation to the ACPA Base Pay Claims Chair and the Manager, Crew Planning and Scheduling with a copy to any other affected pilot (if applicable). The Manager, Crew Planning and Scheduling, will review the claim and advise the pilot, or the Association as the case may be, in writing, within fifteen (15) days of receipt of the claim of his decision, along with the reasons for his decision.

Step 2: If not satisfied, the pilot or the Association may, within fifteen (15) days of receipt of the Step 1 decision, submit the claim to ACPA Headquarters with the request that it be reviewed by the joint Company-ACPA Committee. (To be composed of two members from each party.) The Committee shall meet from time to time as required to review and dispose of those claims submitted to it. A majority decision of the Board shall be final and binding on all parties. In the event that the Committee is unable to agree as to the resolution of the claim, it may recommend arbitration in accordance with Article 30 of the Agreement.

Throughout the above:

- SR16.03.01 Documentation of claims submitted shall be in duplicate in the prescribed form (See Schedule "A").
- SR16.03.02 Claims, to be considered valid, must be submitted within forty-five **(45)** days of the flight or scheduling irregularity. It is not intended that this limitation will preclude claims arising from bookkeeping or clerical errors.
- SR16.03.03 The Base Pay Claims Chair may represent the pilot if requested, provided such request is made known in writing. The ACPA Pay Claims Chair will present claims initiated by the Association.
- SR16.03.04 A pilot or the Association may withdraw his claim at any step of this procedure.
- SR16.03.05 A majority decision of the Board shall be final and binding on both parties.
- SR16.03.06 Pay Claims awarded to the Association shall:
 - SR16.03.06.01 Be placed in each pilot's bank or in the case of pilots with no bank action, cash cleared; or
 - SR16.03.06.02 Be credited to pilots by any other method mutually agreed to by the Company and the Association.

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Air Canada provides update on wage review arbitration process

MONTREAL, Nov. 1 /CNW Telbec/ - Air Canada announced today that Arbitrator Douglas Stanley has issued his wage review award covering approximately 3,100 pilots represented by the Air Canada Pilots Association (ACPA). The arbitration, dealing exclusively with adjustment to the hourly wage rate and with certain pension issues, was conducted pursuant to a provision in collective agreements reached between the Company and its unions in 2003.

Mr. Stanley's award granted ACPA-represented pilots a **2%** wage increase effective July 2006, **1.75 %** effective July 2007 and **1.75 %** effective July 2008. The award did not provide for any adjustments to pensions.

Arbitration awards have now been received for all major labour groups except CUPE. Negotiations with CUPE, which represents the airline's approximate 6,000 flight attendants, have now moved to arbitration.

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