

PRODUCTION AND MAINTENANCE AGREEMENT

between

ARNPRIOR AEROSPACE INC.



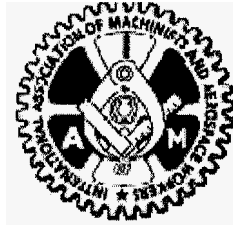
Arnprior Aerospace Inc.

◆◆ *Excellence*



and

**INTERNATIONAL ASSOCIATION
OF MACHINISTS AND AEROSPACE WORKERS
LOCAL LODGE No. 1542**



EFFECTIVE March 7, 2006

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AGREEMENT

THIS AGREEMENT, dated this 7th day of March 2006 by and between Arnprior Aerospace Inc., Arnprior, Ontario (the term "The Company" being hereinafter deemed in each instance to refer to such Corporation) and the International Association of Machinists and Aerospace Workers CLC/AFL-CIO and its Lodge No. 1542 now and hereafter representing employees of the Company (the term "The Union" being hereinafter deemed in each instance to refer to the International Association of Machinists and Aerospace Workers CLC/AFL-CIO and its Local Lodge No. 1542 in reference respectively to the collective bargaining unit which it is identified and the employees therein):

WITNESSETH that

WHEREAS, the parties have negotiated the terms and conditions of a collective bargaining agreement (hereinafter referred to as the "Agreement") relating to employees of the Company represented by the Union and more particularly described in this agreement and to the wages, hours and other terms and conditions of employment of such employees, and the parties desire to reduce the agreement to writing:

NOW, THEREFORE, in consideration of mutual promises hereinafter set forth, the parties hereto agree as follows:

ARTICLE 1 - COVERAGE

Employees covered by this agreement shall be all those employees at Arnprior save and except supervisors, foremen, technical personnel and office and sales staff as certified by the Ontario Labour Relations Board dated at Toronto the 3rd day of January 1964.

ARTICLE 2 - RIGHTS OF MANAGEMENT

SECTION 2.1 Management of Company

The management of the Company and the direction of the work force is vested exclusively in the Company subject to the terms of this agreement without limitation implied or otherwise, all matters not specifically and expressly covered or treated by the language of this agreement may be administered for its duration by the Company in accordance with such policy or procedure as the Company from time to time may determine.

SECTION 2.2 Subcontracting

It shall be the Company's unilateral right without limitation to determine and designate at any time the work to be undertaken and performed by the Company and the locations where such work is to be performed and to activate or deactivate any operations or activities at any time. It shall also be the Company's unilateral right at any time without limitation to subcontract to any other corporation, firm or person whatever work it determines and designates.

ARTICLE 3 - UNION SECURITY

All employees who, on the date of the signing of this agreement, are Union members in good standing, or may become Union members in good standing, shall as a condition of employment maintain Union membership. All new employees hired on or after the date of signing of this agreement, shall, as a condition of employment, become Union members within thirty (30) calendar days from the date of employment and shall, as a condition of employment, remain Union members in good standing.

ARTICLE 4 - CHECKOFF

SECTION 4.1

The Company shall check off one (1) initiation fee, reinstatement fee (where applicable) and Union dues as may be chargeable by the Union, or an equivalent amount, once each week from the wages of each employee in the bargaining unit, whether or not the employee is a member of the Union and this amount shall be forwarded by the Company to the Union forthwith. The deductions as aforesaid commence in the month in which this agreement becomes effective.

SECTION 4.2

In the event an employee's wages, earned during any payroll period, are insufficient to cover the deduction for current Union dues, initiation fee or reinstatement fee, the Company will deduct the amounts owing therefore from wages earned during one (1) of the subsequent payroll periods ending in the same month or following months.

SECTION 4.3

The Company's obligation to make such deduction shall terminate automatically upon the termination of employment with the Company of the employee or upon his/her transfer to a plant, unit, or job not covered by this agreement.

SECTION 4.4

The Company shall on or before the 15th calendar day of each month furnish to the financial secretary of the Union a written statement covering, for the previous calendar month, the following:

- 4.4(a)** The total amount of dues deducted;
- 4.4(b)** The total amount of original initiation fees deducted;
- 4.4(c)** The total amount of reinstatement fees deducted;
- 4.4(d)** The names, employee numbers, the amount of deduction from each employee;
- 4.4(e)** The names of employees from whose wages no deductions were made because their pay cheques were insufficient to make the appropriate deductions;
- 4.4(f)** The Company shall at the same time, remit to the financial secretary of the Union its cheque for the amounts shown under items a), b) and c) herein.

SECTION 4.5

The Company will indicate on the T4 form the amount of Union dues deducted during the previous year.

SECTION 4.6

The Union agrees that it will indemnify and save the Company harmless from any and all liability, claim, responsibility, damage or suit howsoever founded which may arise out of any action taken by the Company in accordance with the terms of this Article.

ARTICLE 5 - UNION REPRESENTATIVE ON COMPANY PREMISES

SECTION 5.1 Union Furnish List Of Representatives

The Union shall inform the Company in writing of the names of its officers and committee-persons who are accredited to represent it, such information shall be kept up to date at all times. Only persons so designated will be recognized by the Company as representatives of the Union.

SECTION 5.2 Union Representatives Access To Plant

A Grand Lodge Representative or his/her designated representative shall have access to areas in the Company's facility during work hours where employees in the bargaining unit defined in Article 1 herein are assigned. Such access shall be for the purpose of investigating claims of grievance on the part of employees, participation in authorized Union meetings or Union and Company meetings.

Subject to the following, the Grand Lodge Representative or his/her designated representative upon being granted admittance to the Company's facility under this Section shall confine his/her visits to the area or areas for which clearance has been requested and such visits shall be at the time specified.

During such visits there shall be no organizing, collecting or soliciting dues, campaigning for political office, or soliciting of any kind on Company premises.

Grand Lodge Representatives or his/her designated representatives thereof who fail to comply with the provisions of this Section shall forfeit their admission rights.

SECTION 5.3 Union Activity During Working Hours

Solicitation of Union membership or collection or checking of dues will not be conducted during working hours. The Company agrees not to discriminate in any way against any employee for Union activity, but such activity shall not be carried on during working hours except as specifically allowed by the provisions of this agreement.

SECTION 5.4 Committee-Persons

5.4(a) The Union may designate employees as committee-persons. This committee will consist of not less than six (6) committee-persons

However, the Company agrees to recognize a minimum of one (1) committee-person on any shift in any Company facility.

The Union may also designate one (1) of the employees assigned by the Company to a mobile repair party (MRP) as the Union representative.

5.4(b) An employee while acting as a committee-person shall not be laid off or transferred from his/her shop unit or shift provided work for which he/she is qualified and is willing to perform is available in his/her present or lower labour grade in such shop unit and shift.

5.4(c) The committee-person will be promoted, demoted and recalled from layoff on the same basis as provided for other employees except that, in the event the shop unit or shift is deactivated and is later reactivated the former committee-person will be the first employee to be recalled to that shop unit or shift provided work for which he/she is qualified and is willing to perform is available.

SECTION 5.5 Departure From Work By Committee-Persons

The committee-person before leaving his/her assigned work to participate in grievance committee meetings, labour-management meetings and other such activities as mutually agreed upon, shall have authorization from the Union and permission to do so from his/her supervisor before he/she absents himself/herself on such Union business.

SECTION 5.6 Negotiating Committee-Persons Meeting With Management

Negotiating committee-persons when meeting with management of the Company on official business dealing with the administration of this collective agreement during what would normally be their working hours shall be responsible to inform and receive permission from their supervisor before he/she absents himself/herself from their place of business.

SECTION 5.7 Administering The Contract

The Company agrees to recognize the Union negotiating committee for the purpose of clarification and interpretation of this collective agreement. Regular meetings, semi-annually or as required, will be scheduled for these purposes.

ARTICLE 6 - BULLETIN BOARDS

The Company will provide a bulletin board in the shop. Such bulletin board shall be used only for the purpose of notifying employees of matters pertaining to Union business. All notices must be on Union stationary, signed by an accredited representative of the Union, and shall be submitted to the General Manager or his/her designated representative for approval prior to posting. Such approval shall not be unreasonably withheld.

ARTICLE 7 - STRIKES AND LOCKOUTS

The Union agrees that during the term of this agreement, and regardless of whether an unfair labour practice is alleged (a) there will be no strike, slow-down or walk-out and (b) the Union will not directly or indirectly authorize, encourage or approve any refusal on the part of employees to proceed to the location of normal work assignment where no rare or unusual physical hazard is involved in proceeding to such location. Any employee who violates this clause shall be subject to discipline. The Company agrees that during the term of this agreement there will be no lock-out of employees covered by this agreement.

ARTICLE 8 - COOPERATION

All parties to this agreement hereby commit themselves to the fullest cooperation with the objective of maintaining efficient and uninterrupted production in the plant of the Company.

The Union agrees that each employee is responsible for the quality of his/her own work and the proper use and operation of equipment, tools and machines used by him/her in the performance of his/her work, provided he/she has been adequately trained and instructed on said work or equipment to be performed. Failure to comply with this requirement shall be considered grounds for disciplinary action.

ARTICLE 9 - DETERMINATION OF DISPUTES

SECTION 9.1 Settlement of Complaints, Grievances and Differences

Grievances or complaints arising between the Company and its employees subject to this agreement, or the Company and the Union with respect to the interpretation or application of any of the terms of this agreement, shall be settled according to the following procedure. Subject to Section 9.1(a)(9) of this Article, only matters dealing with the interpretation or application of terms of this agreement shall be subject to this grievance machinery.

9.1(a) In the case of grievances on behalf of employees:

9.1(a)(1) The employee first shall discuss his/her grievance with the committee-person and if the committee-person considers the grievance to be valid, then the employee and the committee-person will contact first line supervision and will attempt to effect a settlement of the complaint. This procedure, however, will not prevent an employee from contacting first line supervision if he/she so chooses. If the purpose of the employee's contacting first line supervision is to adjust the grievance, the committee-person shall be given an opportunity to be present and such adjustment shall be in conformity with this agreement.

9.1(a)(2) If no settlement is reached within two (2) working days, unless extended by mutual agreement, the committee-person shall reduce a statement of the grievance or complaint to writing, which shall contain the following:

9.1(a)(2)(a) The detailed facts upon which the grievance is based.

9.1(a)(2)(b) Reference to the section or sections of the agreement alleged to have been violated. (This will not be applicable in cases of dismissal or suspension for cause, or involuntary resignation.)

9.1(a)(2)(c) The remedy sought.

9.1(a)(3) The committee-person shall obtain the signature of the aggrieved employee on the written statement of grievance if the employee is willing to sign. The written statement of grievance

then shall be submitted to first line supervision for reconsideration with a copy to the designated representative of the Company. After such reconsideration, which will not exceed five (5) working days, unless extended by mutual agreement, first line supervision may settle the written grievance and, over his/her signature, indicate the disposition made thereof. Otherwise, first line supervision shall sign the grievance and the signatures of first line supervision and the committee-person will indicate that the grievance has been discussed and reconsidered by them and that no settlement has been reached, at which time the committee-person promptly shall take up the grievance with a designated representative of the Company.

9.1(a)(4) If the committee-person and the designated representative of the Company reach a settlement, they shall sign the grievance indicating the disposition made thereof.

9.1(a)(5) If no settlement is effected within ten (10) working days (unless mutually extended) from the submission of the grievance to the designated representative of the Company and the committee-person, both shall sign the grievance and indicate that it has been discussed and reconsidered by them and that no settlement has been reached. The committee-person shall then submit the grievance to the office of the General Manager of the Company and to the office of the Grand Lodge Representative. The individuals respectively in charge of these offices shall attempt to reach a settlement of the grievance and then shall sign the grievance indicating the disposition made thereof. The committee-person and the grieving employee may, upon request of either party, participate in these discussions. If no settlement is effected within fifteen (15) working days (unless mutually extended) of the submission of the grievance to these individuals, it then shall be referred to arbitration for a prompt hearing as hereinafter provided.

9.1(a)(6) All time extensions shall be mutually agreed to in writing.

9.1(a)(7) All conferences resulting from the application of provisions contained in this Article shall be held during working hours.

9.1(a)(8) In cases of layoff, the employee shall be given a copy of the layoff slip and he/she shall have the right to appeal such layoff in accordance with the foregoing grievance procedure, provided his/her committee-person files a written grievance with the designated representative of the Company, within ten (10) working days after the date of layoff.

In the event the employee is not available to be presented with his/her copy of the layoff slip, a copy will be sent to the employee by registered mail and the information also will be mailed to the Union office, and he/she shall have the right to appeal such layoff in

accordance with the foregoing grievance procedure, provided his/her committee-person files a written grievance with the designated representative of the Company, within ten (10) working days after the date of the mailing of the layoff slip. The written grievance then shall be processed through subsequent steps if necessary.

9.1(a)(9) In case of dismissal, suspension for cause, or of involuntary resignation, the employee shall be given a copy of the termination notification which will show the reason for such termination. He/she shall have the right to appeal such termination in accordance with the foregoing grievance procedure provided his/her committee-person files a written grievance with the designated representative of the Company, within seven (7) working days after the date of termination. In the event the employee is not available to be presented with his/her copy of the termination notification, a copy will be sent to the employee by registered mail and the information also will be mailed to the Union office, and he/she shall have the right to appeal such termination in accordance with the foregoing grievance procedure, provided his/her committee-person files a written grievance with the designated representative of the Company, within seven (7) working days after the date of the mailing of the termination notice. The written grievance shall then be processed through subsequent steps if necessary. If settlement is not effected prior to arbitration and the matter is appealed to arbitration in accordance with subparagraph 9.1(a)(5), hereof, the arbitrator shall have the discretionary power to decide such appeal on the basis of any information that he/she deems pertinent which is presented to him/her at the hearing.

9.1(b) In the case of any grievance which the Union may have against the Company or the Company may have against the Union, such grievance is hereby limited to matters dealing with the interpretation or application of terms of the agreement and shall be handled as follows:

9.1(b)(1) Such grievance shall be submitted to the designated representative of the Company or the designated representative of the Union, and shall contain the following:

9.1(b)(1)(a) Statement of the grievance setting forth in detail the facts upon which the grievance is based.

9.1(b)(1)(b) The section or sections of the agreement alleged to have been violated.

9.1(b)(1)(c) The correction sought.

9.1(b)(1)(d) The grievance shall be signed by the designated representative of the Union or the designated representative of the Company.

9.1(b)(2) If no settlement is effected within ten (10) working days (unless mutually extended) from the submission of the grievance to the designated representative of the Company and the designated representative of the Union, both shall sign the grievance and indicate that it has been discussed and reconsidered by them and that no settlement has been reached. The committee-person shall then submit the grievance to the office of the General Manager of the Company and to the office of the Grand Lodge Representative. The individuals respectively in charge of these offices shall attempt to reach a settlement of the grievance and then shall sign the grievance indicating the disposition made thereof. The committee-person may, upon request of either party, participate in these discussions. If no settlement is effected within ten (10) working days (unless mutually extended) of the submission of the grievance to these individuals it shall then be referred to arbitration for a prompt hearing as hereinafter provided.

9.1(b)(3) All decisions arrived at under the provisions of this Section 9.1 by the representatives of both parties to this agreement, or the arbitrator, shall be final and binding upon both parties, provided, however, that in arriving at such decisions neither the parties nor the arbitrator shall have the authority to alter this agreement in whole or in part.

9.1(c) Grievance claims involving retroactive compensation shall be limited to thirty (30) calendar days prior to the written submission of the grievance to Company representatives, provided, however, that this thirty (30) day limitation may be waived by mutual consent of the parties.

SECTION 9.2 Arbitration Proceedings and Selection of Arbitrators

The selection of an arbitrator and arbitration proceedings before them shall be conducted in accordance with the following:

9.2(a) The Company and the Union jointly shall select and agree upon a panel of three (3) persons who shall serve as arbitrators. The names of the arbitrators on the panel shall be arranged in alphabetical order and they shall be called in rotation. In cases when an arbitrator is not available, the next arbitrator on the panel shall be called.

9.2(b) In hearings before an arbitrator, the designated representative of the Union and the designated representative of the Company shall present the contentions of the parties, provided, however, that either party may have present one (1) additional representative. Each party to the proceedings may call such witnesses as may be necessary in the order in which their testimony is to be heard. Such testimony shall be limited to the matters

set forth in the written statement of grievance. Such arguments of the parties shall be confined to and directed at the matters set forth in the grievance and may be supported by oral comment and rebuttal. The arbitrator shall rule only on the basis of information presented in the hearing, and shall refuse to receive any information after the hearing except when mutually agreed to and in the presence of both parties.

9.2(c) The decision of the arbitrator shall be made as soon as possible following the date of hearing and shall be sent in writing to the designated representative of the Company and the designated representative of the Union.

9.2(d) The Union or the Company, whichever is ruled against by the arbitrator shall pay the compensation of the arbitrator including his/her necessary expenses.

9.2(e) Each party shall pay any, compensation and expenses relating to its own witnesses or representatives.

SECTION 9.3 Disciplinary Action

Prior to the administration of disciplinary action, an employee will be advised of their right to have a Union representative present.

ARTICLE 10 - SENIORITY

SECTION 10.1 Purpose And Definition

Both parties hereto agree that continued service over a period of time normally does increase the worth of an employee to his/her employer. Therefore, where employee performance review group ratings are equal, the Company agrees to recognize seniority in case of promotions (Article 18) within the occupational groups included in this bargaining unit.

SECTION 10.2 Probationary Employees

For the first ninety (90) days of employment an employee shall be considered as on probation and without seniority. During such ninety (90) day period, probationary employees may be reclassified, laid off or terminated at the discretion of the Company without recourse to the grievance procedure by either the employee or the Union.

SECTION 10.3 Establishment And Accumulation Of Seniority

10.3(a) The seniority date of each employee, who, as of the effective date of this agreement, is on the active payroll of the Company, within the Unit defined in Article 1, is on authorized leave of absence from such Unit, or is acting in any supervisory capacity over employees in such Unit as outlined below shall be in conformance with the seniority date carried on the Company's seniority records on the effective date of this agreement for each such employee. The seniority date of each employee who, subsequent to the effective date of this agreement, is hired, rehired or transferred into the Unit shall be the effective date of such hire, rehire or transfer, except as otherwise specifically provided in this agreement.

10.3(b) On or after the effective date of this agreement, seniority accumulation shall include time spent on the active payroll of the Company:

10.3(b)(1) by an individual within the Unit, or transferred into the Unit from the Office and Technical Unit, and

10.3(b)(2) by an individual while acting in any supervisory capacity over employees in the Unit in which the individual was previously a member, plus:

10.3(b)(2)(a) for a cumulative total of five (5) years only, by an individual promoted to a management position after 3/8/00 with supervisory responsibility for bargaining unit employees in which the individual was previously a member, or:

10.3 (b)(2)(b) an individual promoted to a management position after 3/8/06 with supervisory responsibility for bargaining unit employees in which the individual was previously a member, seniority shall be forfeited after six (6) months and a return to the bargaining unit shall be dependant on the existence of a vacancy, plus;

10.3(b)(2)(c) time lost by reasons of industrial accident, industrial illness, or jury duty,

10.3(b)(2)(d) time spent on authorized leave of absence for Union business,

10.3(b)(2)(e) time spent on authorized leave of absence granted to cover period of non-industrial accident or illness (not to exceed three (3) years during any such period),

10.3(b)(2)(f) the first thirty (30) days of any other authorized leave of absence,

10.3(b)(2)(g) time on layoff from the Unit not to exceed, in each instance, a period of one (1) year (less time on leave under paragraphs (c) and (d) above where such leave immediately precedes such layoff).

10.3(c) Employees transferring to non-represented positions other than those described above shall retain their bargaining unit seniority but shall not accumulate additional seniority while they remain in such position.

SECTION 10.4 Loss Of Seniority

10.4(a) An individual shall lose seniority rights for the following reasons:

10.4(a)(1) Resignation. (An individual who, while on leave of absence, engages in other employment, without the prior approval of the Company or fails to report for work or to obtain renewal of this leave on or before its expiration will be considered as having resigned).

10.4(a)(2) Discharge for cause.

10.4(a)(3) Failure to respond within five (5) regular working days after dispatch of a recall from layoff, unless such period is extended by the Company.

10.4(a)(4) Failure to report to work within five (5) regular working days after response or on such later date as may be designated by the Company.

10.4(a)(5) Failure to keep Human Resources notified of his/her proper address and by such failure the Company is unable to contact the employee by registered mail.

10.4(a)(6) Absent for more than three (3) consecutive working days without permission unless such employee presents a reason which is satisfactory to the Company.

10.4(a)(7) Layoff for a period of five (5) years.

10.4(a)(8) Retirement.

10.4(b) An employee shall not lose seniority if he/she can submit positive proof it was impossible for him/her to comply with the requirements of paragraphs 10.4(a)(3), (4), (5) or (6) above.

10.4(c) Any employee of the Company outside of the Unit covered by this agreement who is discharged for cause or quits shall be considered a new hire without seniority if subsequently employed within the Unit.

SECTION 10.5 Hiring

Before hiring new employees to fill existing job openings, consideration will first be given to current employees.

The Company will review, in order of seniority, those employees subject to layoff under section 10.6 to determine if they possess the necessary skills and abilities to be considered for such open positions. If they possess the appropriate skills the Company will provide the required training for those employees selected to fill such open position.

Job openings will be posted for a minimum of five (5) working days. A copy of each job posting and listings of all employee applicants to those job postings shall be

transmitted to the Union within five (5) working days of the position being filled. The filling of job openings through this posting or review system shall not be subject to the grievance procedure.

SECTION 10.6 Layoff

In effecting a reduction in force within any occupational group, those employees in the occupational group (except in occupational group 7 where employees will be laid off by job classification), where the surplus exists will be laid off in the reverse order of seniority as acquired and defined in Section 10.1 through 10.3 of this Article. The Company may deviate and by-pass one (1) or more less senior employees where otherwise the required skills would not be maintained in the occupational group. Where necessary, the Company may transfer employees to other classifications in the occupational group.

SECTION 10.7 Recall From Layoff

10.7(a) An employee who is laid off, or transferred as a result of layoffs in accordance with Section 10.6 of this Article shall have recall or return rights to their job classification in line of seniority for a period of five (5) years following the effective date of the applicable reduction in force.

10.7(b) Where employees with seniority are to be laid off from an occupational group and probationary employees are working in other occupational groups, the Company will grant a permanent transfer to such employees considered qualified by the Company to fill the position held by the probationary employee. The offer to transfer will be made to the qualified employees in order of seniority.

Once an employee refuses an offer to transfer, he/she will follow the normal layoff procedures. An employee accepting the transfer will have ninety (90) calendar days to become acceptable to the Company in this new position or leave the new position because of personal dissatisfaction. This person will then go on layoff in the position that he/she held prior to the transfer and will only be called back when his/her original position becomes available. If he/she accepts the new position, they will cease to have recall rights to the former position. Any employee accepting the transfer to another job position will be paid the rate applicable to that job.

10.7(c) Nothing in this section 10.7(c) shall be subject to the grievance procedure by either the Company or the Union. Before any new employees are hired, those employees on active layoff from the Company who are considered qualified by the Company for any Production and Maintenance position that becomes available while they are on layoff will be offered that position.

An employee accepting a return to work to other than his/her original occupational group will have ninety (90) calendar days to become acceptable to the Company in this new position or leave the new position because of personal dissatisfaction. The employee will then return to active layoff. If he/she accepts the position, they will then be reclassified to the new position and cease to have recall rights to their former position.

SECTION 10.8 Employee Performance Review

The employee performance review will be discussed with the employee and the Union representative shall, upon request, have access to the employee's evaluation. An employee, upon request, will have an opportunity to review his/her personnel folder.

The Company will make a demonstrative effort to effect employee performance reviews in a twelve (12) month cycle.

SECTION 10.9 Transfers And Reclassifications

10.9(a)The Company may offer an employee a lateral reclassification from one (1) job classification to another or a reclassification to a lower grade job classification, subject only to the limitation of Section 10.7 of this Article.

10.9(b)The Company may temporarily assign employees to perform work not customarily performed by employees in their classification for a period of not more than ninety (90) calendar days. Such temporary assignment will not be used repeatedly so as to circumvent the purpose of posting the job, or otherwise filling the position by a permanent move. Longer periods may be mutually agreed upon between the Company and the Union.

Where the temporary transfer is necessitated by a shortage of work, employees in the affected area will be transferred in line of seniority.

The Company will notify the Union of all temporary assignments.

10.9(c)Employees may request a transfer and such request will be given proper consideration when openings occur subject to the limitation of Section 10.5 and Section 10.7 of this Article.

SECTION 10.10 Supervisory Transfers

The Company may transfer or demote to positions within the bargaining unit employees who accumulate seniority under Section 10.3 of this Article only if the employee has been a member of this specific unit, prior to becoming a supervisor. Other than those employees who had previously held Labour Grade 1 positions, employees transferring to Labour Grade 1 positions must meet all relative established criteria.

SECTION 10.11 Seniority List

Every three (3) months, the Company will supply the Union with a seniority list of the employees covered by this agreement.

SECTION 10.12 Nature Of Seniority Rights

Seniority rights are those specified by effective written agreement between the parties and shall not be deemed to exist independently of such agreement.

SECTION 10.13 Placement Of Incapacitated Employee

An employee who has been incapacitated as a result of an occupational injury or disease or incapacitated as a result of non-occupational injury or disease while in

the employment of the Company may be employed in other work which he/she can do without regard to any seniority provisions of the agreement.

The Union may designate employees as Return to Work (RTW) committee persons. This committee will consist of three (3) committee persons (P&M) and one (1) committee person (O&T).

The Return to Work (RTW) committee person will help Arnprior Aerospace Inc. I.A.M. members and the Company integrate employees into the work force through the Return to Work program.

The Return to Work (RTW) committee person, before leaving his/her assigned work to participate in return to work meetings, and other such activities as prescribed, shall have authorization from the Union and permission from his/her supervisor.

SECTION 10.14 Transfers Within Occupational Groups

The Company may assign employees, for up to ninety (90) days, to any job assignment within their occupational group, and this assignment shall not be subject to Article 9 nor Section 10.7. Such assignment will not be used repeatedly so as to circumvent the purpose of posting the job, or otherwise filling the position by a permanent one.

ARTICLE 11 - LEAVE OF ABSENCE

SECTION 11.1 General

The Company may or may not at its discretion, grant a leave of absence without pay to any employee requesting same. Seniority will continue to accrue during such authorized leave.

During an approved leave of absence for occupational or non-occupational disability the Company will pay all premium costs of the Ontario Health Insurance Plan and the group benefits program for employees who are members of these plans, commencing with the first premium due after the 30th calendar day of such approved leave of absence.

SECTION 11.2 Leave Of Absence For Union Business

On request from the local lodge, the Company may grant leave of absence without pay to officials of the local lodge or their delegates for the transaction of Union business and attending trade Union conventions. The number of approved leaves of absence, also the number of days granted, to be mutually agreed upon.

On request from the Local Lodge, the Company will grant leave of absence without pay to an employee for the duration of his/her full time employment by the local lodge, or Grand Lodge of the International Association of Machinists and Aerospace Workers providing that the number of employees who at any one (1) time shall be granted such leaves, shall be mutually agreed upon. Seniority shall continue to accrue during such leave of absence. The employee must return to the employment of the Company within 30 days following completion of his/her term of office, providing work for which he/she is qualified shall be available.

SECTION 11.3 Pregnancy Leave

11.3(a) Eligibility

11.3(a)(1) Any female employee who has completed thirteen (13) weeks of continuous employment before the expected date of delivery is eligible for pregnancy leave as provided for in the Employment Standards Act of Ontario.

11.3(a)(2) The employee request for pregnancy leave of absence must be submitted to the Human Resources department at least two (2) weeks prior to the day on which she intends to commence such leave along with a medical certificate from her physician specifying the estimated date of delivery. Exception to this rule will be made under reasonable circumstances.

11.3(b) Timing

11.3(b)(1) The employee is entitled to begin her leave of absence anytime within seventeen (17) weeks before the estimated date of birth.

SECTION 11.4 Parental Leave

Any employee who is a new parent and has completed thirteen (13) weeks of continuous employment before the leave begins, may take Parental Leave as provided for in the Employment Standards Act of Ontario.

ARTICLE 12 - HOURS OF WORK AND OVERTIME

Section 12.1 Shifts

Nothing in this Article shall be construed as a guarantee of forty (40) hours per week or eight (8) hours per day.

The normal work week shall be forty (40) hours consisting of five (5) days of eight (8) hours per day Monday to Friday. Employees will be assigned to either the first, second or third shift on a rotational basis and such assignment can change as required.

Unless a ten (10) hour shift is introduced in accordance with Article 12.6, there shall be three shifts of eight (8) hours, exclusive of the normal unpaid lunch period. Changes of shift assignments and/or starting times shall be made on the first day of a new work week, whenever practicable.

It is understood that due to customer needs, shift starting times shall be flexible. The first shift will commence no earlier than 5 a.m., the second shift will commence no earlier than 1 p.m., and the third shift will commence no earlier than 9 p.m. It is understood that shift starting times may be changed with the provision of forty-eight (48) hours notice. Where start times are required to change, employees who normally perform the work within the cell will be reassigned.

When an employee is required to change shifts, he/she shall normally be given twenty-eight (28) hours notice except in circumstances when Company requirements do not permit such notice.

When an employee is required to change from one (1) shift to another, he/she shall normally be given twenty-eight (28) hours notice except in circumstances when Company requirements do not permit such notice.

Section 12.2 Overtime

Time worked in excess of eight (8) hours in any one shift and all work performed on Saturday, except in the case of any shift beginning in the preceding day and continuing into Saturday shall be paid at the rate of time and one (1) half. Time worked on Sunday, except in the case of any shift beginning in the preceding day and continuing into Sunday shall be considered as overtime and such overtime shall be paid at the rate of double time. Premium rate on overtime work performed on an employees first or second day of rest is dependent upon completion of forty (40) hours compensable time during the normal work week prior to the beginning of the weekend shift.

Employees shall be expected to cooperate when requested to work overtime. The Company will make a demonstrative effort to give as much notice to employees requested to work overtime as conditions permit. The Company will first attempt to meet its overtime requirements on a voluntary basis among the employees who perform the particular task on a straight time basis on the shift within the cell where the overtime is required.

Overtime rotation will be based upon the number of overtime hours worked by eligible employees within the cell with the first denial going to the employee with the least number of hours.

Section 12.3 Shift Differential

The Company may operate any department or the whole plant on a multi-shift basis, Employees who are required to work on a regular second shift or third shift shall be entitled to a shift premium of fifty (\$0.50) cents and seventy-five (\$0.75) cents per hour respectively. These premiums are applicable only to hours worked.

Section 12.4 Wage Payment Basis

For purposes of calculating pay for employees who arrive late for work, hours shall be divided into ten (10) units of six (6) minutes each.

0 to 3 minutes - no deduction

4 to 6 minutes - 1/10 of one hour deduction

7 to 12 minutes - 2/10 of one hour deduction and so forth.

The Union agrees that habitual lateness is a recognized reason for disciplinary action.

Section 12.5 Report Time/Call-In Time

An employee who has left the plant upon completion of his/her regular shift or assignment and is then instructed by the Company to report back for work shall receive a minimum of four (4) hours pay at his/her regular hourly rate or his/her actual overtime worked, whichever is greater.

An employee reporting for work on instruction of the Company but for whom no work is available will be paid four (4) hours time at his/her regular hourly rate. This provision shall not apply when such lack of work is due to a labour dispute, fire, flood, lack of heat or other causes beyond the control of the Company.

Section 12.6 4x10 Work Week

The Company may, upon advance notification to the Union and to affected employees, schedule employees to work four (4) consecutive shifts of ten (10) hours within the period Monday through Friday. If a 4x10 work week is implemented on the third shift, those shifts will be within the period Monday through Thursday.

In the event the Company institutes a 4x10 work schedule, the following shall apply:

12.6(a) Shifts and Lunch Periods

Section 12.1 of the agreement will apply except that all shifts shall be the number of 4x10 work schedule hours plus 30 minutes (i.e., a ten hour and 30 minute period).

12.6(b) Base Rate and Shift Differential

Article 18 of the agreement will apply except that the number of 4x10 work schedule hours (e.g., ten) will be substituted for eight hours. Employees who are required to work on a second shift shall be paid a shift premium of fifty (\$0.50) cents per hour, third shift shall be paid a shift premium of seventy-five (\$0.75) cents. These premiums are applicable only to hours worked.

12.6(c) Overtime

Section 12.2 of the agreement will apply except that:

12.6(c)(1) Hours worked by an employee for his/her scheduled shift hours shall be compensated at the straight time rate.

12.6(c)(2) Hours worked by an employee in excess of his/her scheduled shift hours in any one (1) day shall be compensated at one (1) and one-half times the employee's base rate.

12.6(c)(3) Hours worked on an employee's first day of rest shall be compensated at one (1) and one-half times the employee's base rate. Premium rate on overtime work performed on an employee's first day of rest is dependent upon completion of forty (40) hours compensable time during the normal work week prior to the beginning of the weekend shift.

12.6(c)(4) Time worked on an employee's second or third day of rest will except in the case of any shift beginning in the preceding day and continuing into the second day of rest shall be considered as overtime and such overtime shall be paid at the rate of double time. Premium rate on overtime work performed on an employee's second or third day of rest is dependent upon completion of forty (40) hours compensable time during the normal work week prior to the beginning of the weekend shift.

12.6(d) Unworked Holidays

Article 17 of the agreement will apply except that when a holiday as specified in Article 17 occurs on a scheduled work day, an employee working on a 4x10 work schedule will receive the number of hours of pay for the holiday equal to the number of regularly scheduled hours on the employee's shift for that day. In the event a holiday falls on a scheduled day off, it will be observed on the closest scheduled work day.

12.6(e) Vacation

When a day of vacation is taken, an employee working a 4x10 work schedule will receive the number of hours of pay for the vacation day equal to the number of regularly scheduled hours on the employee's shift for that day.

Except as expressly provided in this section, all provisions of the agreement will apply in the event the Company elects to institute 4x10 work schedules. Any other matters relating to 4x10 work schedules will be subject to mutual agreement by the parties.

Section 12.7 Compensable Time

Hours worked will include compensable time.

ARTICLE 13 - VACATION

SECTION 13.1 Eligibility For Annual Vacation

13.1(a) The vacation eligibility date of an employee (other than those noted in Section 13.1(b)), is the anniversary date of his/her latest hire date.

13.1(b) Former employees who are rehired with reinstatement rights following military service or layoff will retain their previous vacation eligibility dates. Vacation eligibility dates established under previous vacation plans will remain in effect.

13.1(c) Vacation eligibility dates will not be affected by time on approved leave of absence or time spent on other payrolls.

SECTION 13.2 Accumulation Of Annual Vacation

13.2(a) On each annual vacation eligibility date a full-time employee (including employees who are on approved leave of absence) will be eligible for annual vacation each year, dependent upon his/her Company service date nearest to his/her annual vacation eligibility date in accordance with the following schedule:

COMPANY SERVICE	ANNUAL VACATION
1 through 4 years	10 days (80 hours)
5 through 9 years	15 days (120 hours)
10 years or more	20 days (160 hours)

13.2(b) Calendar days in excess of thirty (30) on leave of absence and all calendar days on layoff during the year prior to the employee's eligibility date are deducted from his/her vacation credits at the rate of 1/365th of his/her vacation eligibility for each such day. (Employees who return to the payroll from military service with reinstatement rights will be treated as if they had been on leave of absence).

13.2(c) An employee who did not receive payment for unawarded vacation credits under Section 13.1(b), and who passed a vacation eligibility date while on layoff status will, upon return from layoff with reinstatement rights be awarded vacation credits for the number of calendar days between his/her

last eligibility date prior to layoff (or hire date if he/she had not passed an eligibility date prior to layoff) and the date of layoff. For each such day he/she will be awarded 1/365th of the amount of vacation credit specified in Section 13.1(b), in accordance with his/her Company service on the last eligibility date prior to layoff.

- 13.2(d)** An employee who returns to the active payroll from military service with reinstatement rights will be awarded vacation credits on the date of return as outlined in Section 13.1(c).
- 13.2(e)** When annual vacation credits for full-time employees are awarded, the employee's account including credits carried over or transferred will be adjusted to the nearest one-tenth of an hour.

SECTION 13.3 Use Of Annual Vacation Credits

- 13.3(a)** Subject to management approval based on Company work schedule requirements, previously awarded vacation credits may be used by the employee without limit. Management will encourage employee use of vacation for time off within the period credits are available. Use of vacation at times convenient to the employee will be arranged to the extent permitted by Company work schedule requirements.
- 13.3(b)** All employees who are eligible for two (2) weeks of vacation or more in the vacation year must take a minimum of two (2) weeks vacation. Annual vacation credits in excess of two (2) weeks which remain unused on any eligibility date will be paid off at the then current rate of pay. The employee may, upon request, carry the excess credits over to the next vacation year provided that such excess credits will be used prior to the employee's next eligibility date and pay in lieu of vacation credits will not be allowed until the end of the eligibility year in which the carry over election is made.
- 13.3(c)** Vacation credits are to be used in units up to eight (8) or ten (10) hours relative to shift worked. Where an employee has exhausted all of his/her sick leave credits, that employee may use one (1) full day of his/her accumulated vacation credits to cover for one (1) day of sick leave. It is understood that such use of vacation is limited to forty (40) hours in any one (1) calendar year period. Vacation eligibility date is as defined in section 13.1 (a).
- 13.3(d)** Holidays occurring while an employee is on vacation are not deducted from vacation credits.
- 13.3(e)** Payment for vacation will be made at the employee's base rate at the time vacation is taken plus, if applicable, any supplement to the base rate approved by the Company for inclusion in vacation pay.

SECTION 13.4 Computation Of Credit

The Company agrees to pay 2% of all supplemental earnings (overtime pay and shift differential) for each week of vacation credits earned at the end of the vacation year on the employee's vacation anniversary date. This pay is to be reflected in a pay period the month following the employee's vacation anniversary date.

The Company agrees to pay earned vacation credit computed at the rate of 2% of base earnings for each week of vacation credits or forty (40) hours at the current rate whichever is greater. The 2% of base earnings for each week of vacation credits is to be calculated as of the employee's vacation anniversary date and this will determine the employee's basic vacation pay. However, should an employee receive an increase in pay between this time and the time vacation is actually taken a new calculation will be computed to determine if his/her then current rate of pay is greater than that calculated on the employee's vacation anniversary date and if so, he/she is to receive the vacation pay at the new rate.

ARTICLE 14 - SICK LEAVE

It is understood that the purpose of the sick leave provisions of this Article is to provide monetary compensation to employees who are entitled to such payment during periods of illness up to a maximum of five (5) work days, and to encourage regular attendance on the job.

SECTION 14.1 Eligibility

Upon completion of one (1) year of continuous active service an employee will be credited with 3.33 hours of sick leave for each month of such service and for each month of continuous active service completed thereafter.

SECTION 14.2 Effect On Sick Leave Credit When Continuous Active Service Is Interrupted

Employees whose continuous active service is interrupted after completion of one (1) year because of layoff, retirement, extended sick leave or death, shall be entitled to receive pay for their unused sick leave credit. If continuous active service is interrupted for any other reason, pro rata sick leave will not be paid.

SECTION 14.3 Computation Of Credit

After establishment of initial eligibility for sick leave, no additional sick leave credit will be accumulated during periods on layoff, or for absence in excess of the first thirty (30) calendar days of the leave of absence period. Such absence during a year will reduce the sick leave credit granted at the beginning of the next year. The reduction will be in proportion of $1/365^{\text{th}}$ of forty (40) hours for each calendar day of absence, rounded to the next $1/10^{\text{th}}$ hour.

SECTION 14.4 Accumulation Of Sick Leave Credits

Unused sick leave up to a maximum of twenty (20) days will be automatically accumulated by an employee unless he/she files a written request between December 1st and December 10th of any calendar year asking to have sick leave credits paid off in which case sick leave will be paid off during the month of January following.

SECTION 14.5 Pay For Used Sick Leave Credits

14.5(a) Sick leave payment shall be computed at the employee's regular base rate of pay. Payment for a partial day's absence will be to the nearest $1/10$ hour recorded for the absence,

14.5(b) Sick leave pay for absence due to illness shall not be in excess of five (5) days in any calendar year except where an employee has exercised his/her option under the provision of Section 14.4.

SECTION 14.6 Use Of Sick Leave Credits

14.6(a) Sick leave credits are to be used only in the event of absence due to the following causes: (a) illness of employee, and (b) medical or dental appointments which can be scheduled only during the working hours.

14.6(b) In the event of unplanned absence employees are encouraged to provide notification to the Company in advance of the start of their scheduled shift. This will minimize inconvenience to fellow employees and limit impact to production performance.

In order to be entitled to sick leave pay, an employee must notify the Company no later than one (1) hour after the employee's regular scheduled start time on the day of the absence due to illness or medical/dental appointment. The employee, or a person authorized to do so on his/her behalf, shall call the switchboard or his/her plant or his/her supervisor and advise of such absence due to illness or medical/dental appointment.

14.6(c) Sick leave is not a form of vacation and only in justifiable cases will sick leave be approved to come directly before or after vacation period. For an employee to obtain approval of such sick leave, a written request must have been filed by the employee with the Company setting out the reasons therefore and enclosing substantiating evidence acceptable to the Company.

ARTICLE 15 - WELFARE

The Company will continue to provide the same degree of hospital and medical coverage.

Pension Plan - CC3387 - As a part of the Agreement, the Company will provide and maintain a pension plan under which the employees shall be required to contribute and for employees hired after September 1, 1978, participation in the pension plan shall be compulsory. The provisions are described in the pension booklet.

Group Benefits Plan - The employee group benefits program includes life insurance, accidental death and dismemberment insurance, weekly disability, supplemental health care, prescription drug, vision care, dental and safety and health benefits as detailed in the document entitled: "Group Benefits Program" effective June 01, 2006.

Retiree Benefits Plan - The retiree group benefits package for eligible employees under age 65, who retire from the Company on or after April 1, 1991, includes the supplemental health care, prescription drug and vision care program for themselves and their eligible dependents on a retiree-paid basis at Company rates.

Employees who retire from the employ of the Company on a normal retirement date, or on an applicable early or disability retirement date, on or after April 1,

1988, are eligible for a \$2,000 post-retirement death benefit, payable upon the death of the retiree.

ARTICLE 16 - JOINT HEALTH AND SAFETY COMMITTEE

SECTION 16.1

There shall be established a Joint Health and Safety committee with five (5) members selected by the Union from the Production and Maintenance and the Office and Technical bargaining units, and up to five (5) members selected by the Company. The committee will make periodic tours of the plant and make written recommendations to the Company representative for the corrections of any hazards found. The committee shall also make written recommendations as necessary for the safe operation of any machines or equipment and methods of use of any toxic or otherwise harmful chemicals or other material. This committee will hold at minimum one (1) meeting a month and keep minutes of all recommendations and functions as provided for committees by the Ontario Occupational Health and Safety Act.

SECTION 16.2

All of the committee members selected by the Union and the Company will be certified at Company expense and only current committee members shall function as provided for in the Act.

SECTION 16.3

The Joint Health and Safety committee shall be informed of the results of any testing or monitoring of hazardous conditions of materials as deemed necessary by the committee. All testing shall be done in conformance with the Department of Labour (Safety Section 10) or persons suggested by them.

SECTION 16.4

Any question arising that is not covered in this Article will be resolved by reference to the Ontario Occupational Health and Safety Act and applicable regulations.

SECTION 16.5

Where dangerous circumstances exist as defined by the Act, the Union certified member shall have the right to conduct a unilateral work stoppage in the event the certified member representing the Company is unavailable to conduct a bilateral work stoppage.

ARTICLE 17 - STATUTORY HOLIDAYS

2006 HOLIDAYS

2006 HOLIDAYS	DATE OF OBSERVANCE
Good Friday	Friday, April 14, 2006
Victoria Day	Monday, May 22, 2006
Canada Day	Monday, July 3, 2006
Civic Holiday	Monday, August 7, 2006
Labour Day	Monday, September 4, 2006
Thanksgiving Day	Monday, October 9, 2006
Christmas Day	Monday, December 25, 2006
Boxing Day	Tuesday, December 26, 2006

Christmas Holiday	Wednesday, December 27, 2006
Christmas Holiday	Thursday, December 28, 2006
Christmas Holiday	Friday, December 29, 2006

2007 HOLIDAYS

2007 HOLIDAYS	DATE OF OBSERVANCE
New Years Day	Monday, January 1, 2007
Day After New Years Day	Tuesday, January 2, 2007
Good Friday	Friday, April 6, 2007
Victoria Day	Monday, May 21, 2007
Canada Day	Monday, July 2, 2007
Civic Holiday	Monday, August 6, 2007
Labour Day	Monday, September 3, 2007
Thanksgiving Day	Monday, October 8, 2007
Christmas Holiday	Monday, December 24, 2007
Christmas Day	Tuesday, December 25, 2007
Boxing Day	Wednesday, December 26, 2007
Christmas Holiday	Thursday, December 27, 2007
Christmas Holiday	Friday, December 28, 2007
Christmas Holiday	Monday, December 31, 2007

2008 HOLIDAYS

2008 HOLIDAYS	DATE OF OBSERVANCE
New Years Day	Tuesday, January 1, 2008
Good Friday	Friday, March 21, 2008
Victoria Day	Monday, May 19, 2008
Canada Day	Monday, June 30, 2008
Civic Holiday	Monday, August 4, 2008
Labour Day	Monday, September 1, 2008
Thanksgiving Day	Monday, October 13, 2008
Christmas Holiday	Wednesday, December 24, 2008
Christmas Day	Thursday, December 25, 2008
Boxing Day	Friday, December 26, 2008
Christmas Holiday	Monday, December 29, 2008
Christmas Holiday	Tuesday, December 30, 2008
Christmas Holiday	Wednesday, December 31, 2008

2009 HOLIDAYS

2009 HOLIDAYS	DATE OF OBSERVANCE
New Year's Day	Thursday, January 1, 2009
Day After New Year's Day	Friday, January 2, 2009
Good Friday	Friday, April 10, 2009
Victoria Day	Monday, May 18, 2009
Canada Day	Friday, July 3, 2009
Civic Holiday	Monday, August 3, 2009
Labour Day	Monday, September 7, 2009
Thanksgiving Day	Monday, October 12, 2009
Christmas Holiday	Thursday, December 24, 2009
Christmas Day	Friday, December 25, 2009
Boxing Day	Monday, December 28, 2009
Christmas Holiday	Tuesday, December 29, 2009
Christmas Holiday	Wednesday, December 30, 2009

Christmas Holiday | Thursday, December 31, 2009

2010 HOLIDAYS

2010 HOLIDAYS	DATE OF OBSERVANCE
New Year's Day	Friday, January 1, 2010
Good Friday	Friday, April 2, 2010
Victoria Day	Monday, May 17, 2010
Canada Day	Friday, July 2, 2010
Civic Holiday	Monday, August 2, 2010
Labour Day	Monday, September 6, 2010
Thanksgiving Day	Monday, October 11, 2010
Christmas Holiday	Monday, December 27, 2010
Boxing Day	Tuesday, December 28, 2010
Christmas Holiday	Wednesday, December 29, 2010
Christmas Holiday	Thursday, December 30, 2010
Christmas Holiday	Friday, December 31, 2010
New Year's Day	Monday, January 3, 2011

A bargaining unit employee who is required to work on any of the above referred to holidays will be paid at the rate of double time for the hours worked, in addition to the day's holiday pay.

If the holiday is observed on some day other than the declared statutory holiday, then the work done on the statutory holiday will not be subject to overtime pay but work done on the assigned holiday will be subject to overtime pay.

When two (2) or more types of overtime or premium compensation are applicable to the same hours of work only the higher rate of compensation shall be paid. In no case shall overtime or premium compensation be duplicated or pyramided.

ARTICLE 18 - RATES OF PAY

SECTION 18.1 Established Rates

Labour grades and rates covering hourly rated job classifications included in the bargaining unit appear in Appendix B.

18.1(a) Conversion to New Labour Grades

Effective March 7, 2006 employees in current occupational groups and job classifications will be converted to the new labour grade structure by application of the conversion table as shown in Appendix C. Employees will be converted into the new structure pending application of Section 18.2(a).

18.1(b) All changes affecting an employee's base hourly rate contained in Section 18 will be effective on the Monday following the change to an employee's status.

SECTION 18.2 Rate Increases

- 18.2(a)** Effective March 7, 2006, the base rate for bargaining unit employees on the active payroll or on approved leave of absence for ninety (90) days or less, will remain in effect until March 6, 2007. The application of the fifty-one (\$0.51) cents of cost of living adjustment being paid March 6, 2006 and a thirteen (\$0.13) cent cost of living adjustment paid on the second Monday in September 2006.
- 18.2(b)** Effective March 7, 2007, the base rate for bargaining unit employees on the active payroll or on approved leave of absence for ninety (90) days or less, will remain in effect until March 6, 2008. The application of the COLA adjustment (\$0.17) will be paid on the second Monday in September 2007.
- 18.2(c)** Effective March 7, 2008, the base rate for bargaining unit employees on the active payroll or on approved leave of absence for ninety (90) days or less, will remain in effect until March 6, 2009. The application of the COLA adjustment (\$0.17) will be paid on the second Monday in September 2008.
- 18.2(d)** Effective March 7, 2009, the base rate for bargaining unit employees on the active payroll or on approved leave of absence for ninety (90) days or less, will be increased by two and a half (2.5%) percent. The application of the COLA adjustment (\$0.17) will be paid on the second Monday in September 2009.
- 18.2(e)** Effective March 7, 2010, the base rate for bargaining unit employees on the active payroll or on approved leave of absence for ninety (90) days or less, will be increased by two (2.0) percent. The application of the COLA adjustment (\$0.17) will be paid on the second Monday in September 2010.

SECTION 18.3 Automatic Progression

After conversion per Section 18.1(a) and the application of Section 18.2(a), an employee on the active payroll on March 6, 2000 who is paid at a base rate of less than the rate range maximum for his/her applicable rate range as shown in Appendix B is eligible for an automatic base rate increase of thirty (30) cents per hour each six (6) months of employment until he/she reaches the rate range maximum of the assigned labour grade.

In no event will the final increment in the progression system cause an employee's rate to exceed the maximum base rate in that labour grade. The provisions of the progression system do not apply to any employee whose base rate exceeds the rate range maximum of his/her assigned labour grade.

Employees who are scheduled to receive an automatic progression increase under bargaining agreement provisions shall continue to receive their next progression as previously scheduled. Employees who prior to conversion to the new rate structure were not eligible for automatic rate progression shall be scheduled for their next

progression increment either on his/her seniority date or six (6) months from his/her seniority date whichever is earlier.

Employees on progression may be assigned any work for which they are classified. In no event however, will an employee be paid at a rate lower than the minimum base rate,

SECTION 18.4 Reclassification

18.4(a) An employee will be reclassified to labour grade 1 when the following requirements are met:

18.4(a)(1) Currently be paid at the maximum rate of labour grade A

18.4(a)(2) Have received their last automatic progression increase no less than six (6) months prior to being reclassified to labour grade 1

18.4(a)(3) Meet the criteria for classification as labour grade 1

Coincident with the effective date of the reclassification, a base rate increase equal to the cents per hour differential between the maximum of labour grade A and the maximum of the labour grade 1 will be given.

18.4(a)(4) All Labour Grade Criteria training will be provided on a scheduled basis and be conducted by Organizational Development. Labour Grade testing criteria will be administered by Organizational Development.

18.4(b) Employees who are reclassified with a change in labour grade other than that specified in 18.4(a) will be reclassified at lateral rate. In no event will an employee be paid a rate which is lower than the rate range minimum or higher than the rate range maximum for the labour grade to which they are being reclassified.

SECTION 18.5 Cost Of Living Adjustment

18.5(a) Employees covered by this agreement shall receive cost of living adjustments to the extent such adjustments become effective under and in accordance with all of the terms, conditions and limitations stated in this section.

18.5(b) Determination of Cost of Living Adjustments

18.5(b)(1) Determination of the potential cost of living adjustment shall be made in reference to the new series "All Item Canadian Consumer Price Index" published by the Prices Division, Statistics Canada, with the following base period: 1986 = 100, such index being referenced to herein as the Index.

18.5(b)(2) During the life of this agreement, a cost of living adjustment shall be computed by using (1) the three (3) month average of the Index for November, December 2002, and January 2003 as the base and, (2) the formula 1 cent = .125 percent change in the appropriate three-month average of the Index, as shown in the table below:

Effective Month of Potential Adjustment	Based Upon the Average of the Three-Month Statistics Canada Consumer Price Indexes for:
June 2003	Feb, Mar, Apr 2003
September 2003	May, Jun, Jul 2003
December 2003	Aug, Sep, Oct 2003
March 2004	Nov, Dec 2003, Jan 2004
June 2004	Feb, Mar, Apr 2004
September 2004	May, Jun, Jul 2004
December 2004	Aug, Sep, Oct 2004
March 2005	Nov, Dec 2004, Jan 2005
June 2005	Feb, Mar, Apr 2005
September 2005	May, Jun, Jul 2005
December 2005	Aug, Sep, Oct 2005

All adjustments will become effective on the second Monday of the effective months listed above.

18.5(b)(3) Any quarterly cost of living adjustment shall be added to or subtracted from any quarterly cost of living adjustment already paid during the life of this agreement, subject to paragraph 5 below.

18.5(b)(4) If the Index is revised or discontinued, the parties shall attempt to determine an appropriate Index figure by agreement and, if agreement is not reached, the parties shall request Prices Division, Statistics Canada to make available an index in its present form for the appropriate data or dates and calculated on a comparable basis.

18.5(b)(5) Cost of living adjustments shall not be added to or subtracted from any employee's base rate. Any cost of living adjustment payable during the life of this agreement shall be added to each employee's straight time hourly earnings. The applicable cost of living adjustment shall be included in computing overtime, third shift premium, vacation, holiday, and sick leave pay.

SECTION 18.6 Jury Duty

Any employee who is summoned by the Crown to serve on a jury or to act as a witness for the Crown, or is summoned to act as a witness in a court of law, subject to the following limitations, shall be paid at his/her current straight time base rate, including shift differential, and COLA, for each such regular work day or portion thereof. Witness fees shall not be deducted from such pay.

An employee is not entitled to pay under this Section 18.6 in circumstances where the employee:

- 1) Is called as a witness against the Company or its interests; or
- 2) Is called as a witness on his/her own behalf in an action in which he/she is a party; or
- 3) Voluntarily seeks to testify as a witness; or
- 4) Is a witness in a case arising from or related to his/her outside owned business activities.

The employee shall furnish the Company evidence satisfactory to the Company, showing the performance of jury and/or witness duty.

SECTION 18.7 Bereavement Pay

In the event of the death of the spouse (including common-law spouse as per Company definition), child, mother or father, sister or brother, father-in-law, mother-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law, grandparents, spouse's grandparents, grandchildren, or verified reasonable substitution agreed to by the Company, of any employee covered by this agreement, such employee will be granted an excused absence of three (3) consecutive working shifts at his/her base rate of pay exclusive of all premiums, shift differential or overtime allowance. In addition, an employee will be granted bereavement leave for a stillborn child if the employee provides a certificate of fetal death which has been certified by the Province.

Bereavement leave must be taken within seven (7) calendar days following the death, funeral or service. An employee must attend the funeral or service to be eligible for the payment provided in this Article 18.

SECTION 18.8 Team leader

The decision to create a team leader position and the appointment of an employee to the team leader position shall be at the sole discretion of the Company and such rights shall not be subject to grievance. An employee assigned in writing by the Company as a team leader shall be paid a premium of \$1.00 per hour above his/her own current base rate.

Any selected employee may delegate, as authorized, a portion of his/her allocated work to employees assigned to work with him/her and pass on sufficient information to enable those employees to accomplish their work in a manner that will result in economy, quality, and efficiency.

Employees accepting the assignment of team leader responsibilities will:

- A.** Acting as an advisor for the employee(s).
- B.** Liaison with shop or support areas.
- C.** Status shortages (parts, tooling, hardware).
- D.** Report operational issues to supervision from the shop floor (problem queues, process documentation opportunities/revisions, shift carry over data, potential shortages etc.).
- E.** Roll down information/direction from management to the shop floor cells.
- F.** Resolve issues on the floor (planning, tooling, etc.)
- G.** Support issues on the shop floor (cartoon sheets etc.).
- H.** Distribute pay stubs.
- I.** Aid in conducting process audits.
- J.** Ensure the accuracy of the cell communication boards.

Employees accepting the assignment of team leader shall not make, as a result of solicitation by the supervisor, recommendations concerning employment, release, transfer, upgrading or disciplinary action relative to other employees.

ARTICLE 19 - NEW TECHNOLOGY AND CONTINUOUS IMPROVEMENT

SECTION 19.1 Technology Change

The Company and the Union agree that it is to their mutual benefit and a sound economic and social goal to utilize the most efficient machines, processes, methods and/or materials. This utilization is part of the process of continuous quality improvement, which enhances the Company's ability to compete effectively in the marketplace and, thereby, minimize the negative impact on job security. It is the Company's policy to assure that training is available for its employees so that they may have the opportunity to acquire the knowledge and skills required by the introduction of technological change.

SECTION 19.2 Job Security

Although it is not the Company's intent to reduce employees job security through the implementation of continuous improvement activities, the Company and the Union have a mutual goal to limit the impact of the implementation of technological change upon the job security of affected employees. In cases where technological change requires that employees affected by that change need specialized training to accomplish new tasks or gain new skills, those employees will be offered training, subject to the individual employee possessing the necessary skill and ability for that training and the number of positions open. In cases where there is further displacement of employees due to technological change, those employees will be offered other training or reassigned to the extent available and subject to the terms and conditions of this agreement.

SECTION 19.3 Technology Planning

It is understood that the implementation of technological change is, in itself, a process as well as being a part of a process of continuous improvement. The technological changes will be introduced progressively over time, therefore the Company will discuss with the Union the planned introduction of technological change into the work place thirty (30) days prior to the implementation of such change. The discussions shall include the solicitation and consideration of recommendations of the Union as to the accomplishment of the planned changes. It is understood that cooperation between the Company and the Union is vital to the success of implementation.

As part of these discussions, the Company will provide the Union with information concerning the nature of the technological change to include:

- 1.** A description of the changes planned,
- 2.** The planned effective date or dates of implementation,
- 3.** The approximate number and classifications of employees likely to be affected by the change,

4. The effect that the change is likely to have on the terms, conditions and security of employment of the affected employees,
5. The number of jobs and job classifications to be corrected or abolished by the change, to the maximum extent that such information is then available,
6. The reasons for change and/or the goals and objectives that the change is intended to fulfill.

SECTION 19.4 Communications

The Company and the Union agree to meet from time to time to review the Company's continuous improvement goals and objectives and to discuss methods to be used by both parties in communicating the Company's program and its aims.

SECTION 19.5 Training

Where new methods of operation require new or greater skills than those required under the present methods of operation, or present methods of operation require new or greater skills, then;

1. any affected employees shall be given a reasonable period of time, mutually agreed upon by the Company and Union, to acquire the skills necessitated by the new requirements, and
2. there shall be no reduction in wage or salary rates during such training and such training shall be at the expense of the Company and on Company time, and
3. the Company agrees to give first opportunity for such training to employees according to seniority in the family and/or classification and/or occupational group affected.

SECTION 19.6 Negotiation

The Company and the Union agree to bargain collectively on terms and conditions of employment affected by the technological change notwithstanding that a collective agreement has been entered into for a given term.

ARTICLE 20 - MISCELLANEOUS

Nothing in this agreement shall in any way limit the Company in the enforcement of its legal rights under provincial or federal law or shall affect the Company's obligation to comply with the laws, regulations, or directives of the provincial or federal governments.

In the event that any provision of this agreement shall be held to be invalid under provincial or federal law, the validity of its remaining provisions shall not be impaired.

In construing and interpreting the language of this agreement reference to the masculine, such as "he", "him" and "his" shall include reference to the feminine.

ARTICLE 21 - DURATION

Notwithstanding the clause entitled agreement, this agreement shall become effective as of the beginning of March 7, 2006 (which date is the "effective date of this agreement" and the "date of execution", as these terms are used in the agreement) and shall remain in full force and effect until the close of March 6, 2006 and shall be automatically renewed for consecutive periods of one (1) year thereafter unless either party shall notify the other in writing, at least sixty (60) days but not more than ninety (90) days prior to the 6th of March of any calendar year, beginning with 2011 of its desire to terminate the agreement, in which event this agreement shall terminate at the close of such 6th of March, 2011 unless renewed or extended by mutual written agreement. In the case of such notice the parties agree to meet immediately thereafter for the purpose of negotiating a new agreement or a written renewal of this agreement.

Signed this 7th day of March, 2006 at Arnprior, Ontario.

ARNPRIOR AEROSPACE INC.

.....
John Wilbur
PRESIDENT and CEO

INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS CLC/AFL-CIO and LOCAL LODGE No. 1542 (PRODUCTION AND MAINTENANCE UNIT)

.....
B. SHIPMAN
GRAND LODGE REPRESENTATIVE

.....
G. SCHOLL
Chairman, Union Negotiating Committee

.....
B. FLETCHER
Union Negotiating Committee

.....
C. PHILLIPS
Union Negotiating Committee

.....
B. RYAN
Union Negotiating Committee

.....
C. ZIEBARTH
Union Negotiating Committee

**APPENDIX "A" - PRODUCTION AND MAINTENANCE
OCCUPATIONAL GROUPS
EFFECTIVE MARCH 07, 2006**

Occupational Group	Job Classification	Labour Grade
1	Modification Mechanic Journeyman	1
	Modification Mechanic	A
2	Aerospace Technician Journeyman	1
	Aerospace Technician	A
3	Electrical/Electronics Journeyman	1
	Electrical/Electronics	A
4	Facilities Technician Journeyman	1
	Facilities Technician	A
5	Maintenance Utility Cleaner	C
6	Process Technician	A
7	Quality Technician Journeyman	1
	Quality Technician	A

**APPENDIX "B" - PRODUCTION AND MAINTENANCE RATE
RANGE SCHEDULE**

Effective March 06, 2006		
Labour Grade	Minimum Rate	Maximum Rate
1	\$22.20	\$26.03
A	\$14.57	\$25.10
B	\$14.57	\$24.17
C	\$14.57	\$21.89

Effective March 06, 2007		
Labour Grade	Minimum Rate	Maximum Rate
1	\$22.33	\$26.16
A	\$14.70	\$25.23
B	\$14.70	\$24.30
C	\$14.70	\$22.02

Effective March 06, 2008		
Labour Grade	Minimum Rate	Maximum Rate
1	\$22.50	\$26.33
A	\$14.87	\$25.40
B	\$14.87	\$24.47
C	\$14.87	\$22.19

Effective March 07, 2009		
Labour Grade	Minimum Rate	Maximum Rate
1	\$23.24	\$27.16
A	\$15.42	\$26.21
B	\$15.42	\$25.26
C	\$15.42	\$22.92

Effective March 07, 2010		
Labour Grade	Minimum Rate	Maximum Rate
1	\$23.87	\$27.88
A	\$15.90	\$26.91
B	\$15.90	\$25.93
C	\$15.90	\$23.55

APPENDIX "C" – PRODUCTION AND MAINTENANCE OCCUPATIONAL GROUPS

Current Occ. Group	Current Job Classification	Current Labour Grade	Conversion Occ. Group	Conversion Job Class	Conversion Labour Grade
9	Facilities Technician	1	4	Facilities Technician Journeyman	1
9	Facilities Technician	A	4	Facilities Technician	A
18	Maintenance Utility Cleaner	C	5	Maintenance Utility Cleaner	C
26	Process Technician	A	6	Process Technician	A
28	Quality Technician Journeyman	1	7	Quality Technician Journeyman	1
28	Quality Technician	A	7	Quality Technician	A

LETTERS OF UNDERSTANDING

#1 WORK ASSIGNMENTS DURING A STRIKE

This will confirm our agreement reached during negotiations that Production and Maintenance employees will not be required to perform Office and Technical employees' work during a strike or lock out involving those Office and Technical employees.

#2 LABOUR MANAGEMENT MEETINGS

This will confirm the agreement reached during negotiations that meetings between Company representatives and the Union would occur on the first Monday of each month of the life of the agreement. Topics of discussion for these meetings are inclusive of but not limited to clarification and interpretation of the contract, subcontracting, grievance committee meetings and items of mutual concern or interest.

It is further agreed that the Company and Union will provide agenda items to each other prior to such meeting. Additional meetings may be called at any time by either party including the bargaining unit negotiating committee.

#3 UNION PARTICIPATION IN COMPANY ORIENTATION

This will confirm the agreement reached during negotiations that a designated Union official will be given the opportunity to meet with newly hired employees on their orientation day to answer questions about the Union and to get the dues deduction card signed. Such meetings shall be limited to 15 minutes. It is further agreed that the Company will provide the Union with the names of all new hires within 3 working days of employment date.

#4 EMPLOYEE ASSISTANCE PROGRAM

This will confirm our agreement reached during negotiations that the "Employee Assistance Program" (EAP) shall be continued in its current format. Any changes to this program shall be reviewed and agreed to by the Company and the Union.

#5 EXTENSION OF TIME LIMITS

This will confirm our agreement reached during negotiations that Union requests for extension of time limits for filing grievances under the provisions of Article 9, Section 9.1(a)(8) of the agreement will be granted by the Company.

#6 CLARIFICATION OF COMMITTEE PERSONS

This will confirm the understanding reached during negotiations that committeeman, committee persons and shop stewards as referred to in the collective agreement mean one and the same thing.

#7 POLICIES AND PROCEDURES

This will confirm our agreement reached during the negotiations that the Company, before implementing new policies and/or procedures or changes to existing policies and/or procedures, will consult with the Union, on those policies, procedures and/or changes that affect any employees covered by the collective agreement or affect the collective agreement, prior to implementation.

#8 SUB-CONTRACTING

Notwithstanding the provisions of Article 2, the Company and the Union will meet on a regular basis to review the Company's plans in the area of sub-contracting and

to resolve issues that may arise from the sub-contracting planned or in progress. The reviews will be presented prior to the award of contracts wherever possible.

#9 COMMITTEE

This will confirm our agreement reached during negotiations to create a Union/Company committee for the purpose of discussing job classifications and labour grades. The committee shall meet as necessary to reach mutual agreement on new or revised classifications and their appropriate labour grades during the life of this agreement. Other topics pertaining to classifications may be discussed upon request by either party.

#11 SUMMER STUDENTS

The parties agree that the Company may hire "summer students" during the period from May to September. It is understood that these summer students will not be hired into classifications in which bargaining unit members are on layoff. It is further agreed that summer students will neither be subject to the terms of the collective agreement, nor receive benefits as described in the collective agreement. The Company agrees however to discuss with the Union the minimum hourly rate of pay during any year in which hiring of summer students is anticipated.

#12 MODIFIED WORK PROGRAM

This will confirm our agreement reached during negotiations concerning the application of the provisions of Section 10.13 Placement of Incapacitated Employees, of the bargaining agreement.

An employee who is prepared to return to work but is unable to perform all of the responsibilities of his/her classification will be accommodated as follows:

1. Modified work in the current classification, or
2. Modified or unmodified work in a classification that the employee can perform, provided that in cases where there are employees on layoff from this classification, the period of assignment will be a maximum of ninety (90) days unless such period is extended by mutual agreement of the parties.

#13 TEMPORARY TRANSFERS BETWEEN BARGAINING UNITS

The Company and the Union agree that a temporary transfer can take place between bargaining units where a temporary position exists subject to the following:

1. Before an employee is transferred between bargaining units, the Company will have considered qualified host bargaining unit employees who have a shortage of work and have the necessary skills or who are on layoff and have the skills to fulfill the assignment.
2. The temporary transfer will not exceed, without mutual agreement, the transfer length as described in the originating collective agreement. Also, a temporary transfer will not be used repeatedly to circumvent the purpose of posting or otherwise filling the position by a permanent move.
3. In the event that an employee on a temporary transfer is scheduled for layoff from their original classification, they will go on layoff status. If the temporary position can be filled by persons on layoff or scheduled for layoff, the Company

will consider such persons, taking into consideration bargaining unit status, qualifications and departmental requirements.

4. A person selected from layoff status for the temporary position will be considered a temporary recall but will maintain recall rights to their original job classification. They will continue to accrue seniority , pay Union dues and be eligible for benefits. If a recall occurs in their original classification, they may be required to complete the temporary assignment before returning to their original job classification. In this case, they will become entitled to the greater rate of pay effective on the date of recall, until the conclusion of the temporary position.
5. It is agreed that there will be discussion with the Union prior to action being taken.

#14 TEMPORARY WORKERS

It is agreed between the parties that temporary workers will be defined as those hired to replace employees on extended sick leave, pregnancy and parental leave and persons hired to fill temporary work requirements. It is further agreed that temporary workers will be subject to the following conditions:

1. They will pay dues to LL1542 and be subject to the terms of the collective agreements regarding rates of pay and benefits.
2. When hired it will be for a maximum period of one (1) year unless mutually agreed between the parties. The period, rates of pay and benefits will be defined in a letter to the person with a copy to the Union. The letter will also explain that the person will have recall rights to the classification they held while employed, according to the following:

Service	Recall
up to ninety days	no recall rights
90 days to one year	one month for each full month, to a maximum of one year
one year and over	per the collective agreement

3. There will be no workers, as set out above, hired while permanent employees are on layoff unless those on layoff are unable to do the work required.
4. Before layoffs occur those employees scheduled for layoff who have the necessary qualifications will be offered jobs currently filled by temporary workers. Where practical, employees scheduled for or on layoff will be trained to fill temporary assignments.
5. These circumstances will be discussed with the Union prior to action being taken.

#15 JOINT COMPANY/UNION COMMITTEE

The purpose of this letter is to create and define the objectives of a joint Company/Union committee.

1. A joint committee shall be established consisting of as a minimum two (2) representatives from the bargaining unit appointed by the Union and two (2) representatives appointed by the Company. This committee shall have equal representatives from both the Union and the Company and shall not exceed eight members.
2. The function of this committee is to establish criteria for the reclassification of employees from Labour Grade A to Labour Grade 1, where criteria does not presently exist. In addition the committee may review existing criteria and make recommendations for improvement. When existing criteria are changed, employees who had partially achieved applicable criteria will be given credit for their efforts up to the time of change.
3. This committee will meet, as necessary, with the mutual goal of reaching a consensus on the criteria for this reclassification exercise no later than January 1, 1998, with implementation no later than January 6, 1998. Extensions to these time limits may be made by mutual agreement.
4. Upon reaching a consensus, the provisions of Section 18.4 of the parties' collective agreement will be implemented, with an effective date the first Monday following approval.

For purposes of this exercise, consensus is defined as follows:

Consensus is reached when each person on the committee will say:

- a. I believe that every member understands my point of view
- b. I believe that I understand all members' points of view
- c. Whether or not I prefer this decision, I will support it, because it was arrived at in an open and fair manner.

Ultimately a consensus requires that all of the members agree to support the committee decision.

Committee members can not just say no; positions must be supported with reasons.

5. The Company agrees that time spent by the Union committee persons for committee meetings will be compensable time.
6. In the event that a consensus is not achieved, management retains the right as afforded in Article 2 and shall not open the collective agreement.
7. To create a proper environment for the committee's work, the committee's proceedings shall not be used as the basis for, nor as evidence in, any proceedings under Article 9 of the parties' collective agreement.

#16 TEMPORARY RECALL OF P&M EMPLOYEES

When a requirement exists for a temporary assignment of ninety (90) days or less (may be extended by mutual agreement of the parties):

1. The employee accepting "temporary recall" will be eligible for group insurance benefits effective the first of the month following their "temporary recall".
2. Employees are responsible for notifying the Company of their desire to be available for "temporary recall". In the event of a temporary assignment, the Company will notify the senior employee who has indicated his/her desire to be available for temporary assignment. The provisions of Article 10 will not be applicable to "temporary recall" and the employee will be required to report as needed.
3. In the event volunteers are unavailable, the Company will begin the recall process as identified in Article 10 except that the junior employee will be recalled first to the temporary assignment.
4. Prior to recall as prescribed in paragraph 3 above, the Company may return an employee on layoff from another classification.
5. Upon completion of the "temporary recall" the employee will return to "layoff" status.

#17 PENSION BENEFITS ADVISORY COMMITTEE

The Company and the Union will jointly facilitate the establishment of a Pension Benefits Advisory Committee as specified by Section 25 of the Ontario Pension Benefits Act. The establishment of the committee will be approved by a simple majority of voting plan participants. Representation on the committee will include one (1) Production and Maintenance represented employee, one (1) Office and Technical represented employee, one (1) non-Union General Salary or Professional employee, one (1) Management employee and one (1) former employee receiving a pension. The committee will meet at intervals determined by the committee. The plan administrator will provide to the committee the information required by the Act and the activities of the committee will be in accordance with the activities outlined in the Act:

1. to monitor the administration of the pension plan;
2. to make recommendations to the administrator respecting the administration of the pension plan; and
3. to promote awareness and understanding of the pension plan on the part of members of the pension plan and persons receiving pension benefits under the pension plan.

Recommendations to the plan administrator respecting the administration of the plan are not binding on the plan. However, the Company and the Union fully support the establishment of a Pension Benefits Advisory Committee.

#18 POST RETIREMENT PENSION INCREASES

Effective July 1, 1997, retirees in receipt of a pension from the plan on December 31, 1996 will have their pensions increased by the following amount:

Year of Retirement	Percentage Increase
Prior to 1991	6.5%
1991	4.5%
1992	3.5%
1993	3.0%
1994	2.5%
1995	1.5%
1996	0.9%

#19 MOBILE REPAIR PARTY

The Company and the Union agree that employees assigned to a mobile repair party will receive a briefing prior to departure along with a current copy of Arnprior Aerospace Inc.'s policy and/or procedures as they relate to the mobile repair party. A debriefing will take place upon return from MRP to address problems resulting from or during the trip.

The Company agrees to initiate a rotational list, by seniority, for employees who are assigned to mobile repair parties. Employees will be canvassed by seniority and on a voluntary basis to go on a MRP. If no employees accept the assignment, then employees will be assigned on a mandatory basis. Once they fulfill their assignment, their name will be placed on the bottom of the list. It is understood that there may be occasion where employees will be assigned to a mobile repair party based on skill requirements and/or schedule.

All MRP's will have a team leader or supervisor present. The team leader will be compensated in accordance with the collective bargaining agreement. The Union may also designate one (1) of the employees assigned by the Company to a mobile repair party (MRP) as the Union representative.

#20 COMMUNICATION OF STRATEGIC INITIATIVES

This will confirm the agreement reached during negotiations concerning the Union's participation in the development and implementation of strategic initiatives set out by management.

1. As recognized in Article 1 of the collective agreements between the parties, the Union is the exclusive representative for employees covered by both those agreements.
2. It is agreed that management will retain management rights, and the Union will retain rights as outlined in the collective agreement.
3. The parties will bargain in good faith on issues which are both integral to strategic initiatives and covered by the collective agreement.

4. The Union will be invited to have a Union appointed representative on any project team formed to develop and implement a strategic initiative. It is agreed that such representation neither implies Union agreement with the content or process of a given initiative nor replaces the collective bargaining process.
5. The Union local president, the chairpersons of the bargaining committees and the business agent (or designees) will be invited to regularly scheduled reviews of planned and existing strategic initiatives. The Union's input will be solicited on items inclusive of but not limited to: project team structure, schedules, training, and communications.

The parties understand and agree that the success of strategic initiatives and of the Arnprior Division are dependent upon open communication, good faith collective bargaining and commitment.



WORKFORCE FLEXIBILITY (JIT)

Per our discussions during negotiations the parties agree that the removal of the letter of understanding regarding "Workforce Flexibility - JIT" dated March 7, 1994 from the collective agreement neither restricts the Company from continuing with the intent of the letter and pursuing the JIT initiatives, nor does it imply that the removal of said letter will inhibit intent and understanding of that letter.

.....
B. T. Pierce
Director Human Resources

Accepted this 7th day
of March, 1997

.....
B. Herrick
International Association of
Machinists and Aerospace Workers

#21 WEEKLY GRIEVANCE MEETINGS

This will confirm our agreement reached during negotiations that weekly meetings will be held between the Union and the Company to discuss and resolve 2nd level grievances.

#22 LUMP SUM

Subject to ratification of Arnprior Aerospace Inc.'s contract offer to IAM represented employees at the Arnprior facility upon contract signing and again six (6) months after signing, and again on March 7, 2008 and again on September 7, 2008 the Company agrees to pay for each bargaining unit employee on the active payroll or approved leave of absence for ninety (90) days or less, the sum of five hundred (\$500.00) dollars.

25 AEROSPACE TECHNICIAN JOB AMALGAMATION

The Company and the Union agree that, for the term of the current agreement, in the event layoffs must occur within the subject amalgamated occupation groups, the Company will process these layoffs strictly in line of seniority starting with the least senior employee.

The Company understands that additional training is necessary for employees in the amalgamated jobs and agrees to provide the ongoing training that will allow employees to adequately perform required job duties. The training will be scheduled per the published training calendar, subject to change as necessary. Priority will be given to senior amalgamated employees, where possible, as identified through the Resource Planning processes.

The parties agree that existing L/G 1 criteria for both Sheet Metal and Machinist will remain in effect. Employees may qualify under either existing criteria.

Employees in the amalgamated L/G A can take the opportunity during the regular scheduled months to pass their criteria. Upon successful attainment of criteria the employee will be reclassified to L/G 1 and receive an increase in pay equal to the difference between the maximum rate of L/G 1 and the maximum rate of L/G A and will continue in progression if applicable.

#26 QUALITY TECHNICIAN JOB AMALGAMATION

The Company and the Union agree that, for the term of the current agreement, in the event layoffs must occur within the subject amalgamated occupation groups, the Company will process these layoffs strictly in line of seniority starting with the least senior employee.

The Company understands that additional training is necessary for employees in the amalgamated jobs and agrees to provide the ongoing training that will allow employees to adequately perform required job duties. The training will be scheduled per the published training calendar, subject to change as necessary. Priority will be given to senior amalgamated employees, where possible, as identified through the Resource Planning processes.

The parties agree that existing L/G 1 criteria will remain in effect. Employees may qualify under any existing criteria.

Employees in the amalgamated L/G A can take the opportunity during the regular scheduled months to pass their criteria. Upon successful attainment of criteria the employee will be reclassified to L/G 1 and receive an increase in pay equal to the difference between the maximum rate of L/G 1 and the maximum rate of L/G A and will continue in progression if applicable.

#27 PRODUCTION WELDING

The process for selection of the initial Aerospace Technician to perform production welding will be as follows:

The Company will solicit for volunteers from the Aerospace Technician occupational group.

An assessment of potential candidates will be made by Organizational Development and Quality Assurance.

The candidate with most potential for success will be selected.

Potential for success will be based on past welding experience, or other related experience in conjunction with the candidate's willingness to accept the responsibility of meeting all quality requirements.

Where two (2) candidates show equal potential as assessed by the above, seniority will prevail.

#28 CHARTER DOCUMENTS

The Company and the IAM have reached agreement that the Union will be notified and copied on all charters generated within the workplace.

February 28, 2003

Dear Mr. Shipman,

Further to our discussions, this letter is to confirm that a meeting time has been allocated on the first Monday of each month following our Labour Management Meeting at 11:00. The purpose of this meeting is to discuss subcontract activities.

An electronic invitation to these meetings has been extended today, Friday, February 28, 2003.

Trusting this is satisfactory,

Brent Pierce
Director, Human Resources