

LETTER OF UNDERSTANDING

BETWEEN

JAZZ AVIATION L.P.
(Hereinafter referred to as "the Company")

AND

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION and GENERAL WORKERS UNION of
CANADA (CAW-CANADA), and its LOCAL 2002
(hereinafter referred to as "the Union")

RE: Contracting Out

WHEREAS:

- (1) The Company and the Union agree that the purpose of this LOU is to establish the processes, procedures, and timelines for employees affected by contracting out subject to arbitrator Hodges award of July 17th, 2013.
- (2) Arbitrator Hodges award of July 17th, 2013 states:

Sufficient VSPs will be provided to those employees in the classifications and locations where this award provides for the contracting out of former scoped work...to offset the adverse effects to the employees. Additionally not less than 50 VSPs will be made available to the remaining classifications and locations on an annual basis, for employees who are at or above the maximum accrued vacation and wage scale to stimulate attrition in order for Jazz to be able to utilize the competitive scale awarded in point 1) b) above or to stimulate natural attrition.

....Specifically the Company is able to contract out:

- (1) CSA positions identified as the 8 small stations detailed in the Company submission.**
- (2) All grooming functions currently being performed by the Union as detailed in the Company submission.**
- (3) All Ramp services functions being performed by the Union as detailed in the Company submission.**

(3) The Company and the Union agree that the following timelines will apply to the contracting out of scope work:

(i) "CSA positions identified as the 8 small stations detailed in the Company submission."

Three of the small stations (YQL/Lethbridge, YXH/Medicine Hat, and YZR/Sarnia) will close on May 1st, 2014. The remaining small stations (YYD/Smithers, YZP/Sandspit, YPR/Prince Rupert, YYY/Mont Joli, and ZBF/Bathurst) will close on September 1st, 2014. Layoff notice will be given to employees not less than 4 (four) months prior to closure.

(ii) "All grooming functions currently being performed by the Union as detailed in the Company submission."

Grooming (Cabin Services) scope work functions will cease as of June 1st, 2014. Layoff notice will be given to employees not less than 4 (four) months prior to closure.

(iii) "All Ramp services functions being performed by the Union as detailed in the Company submission."

Ramp services scope functions at the following affected bases only, YVO, YUY, YBG and YCD will cease as of July 1st, 2014. Layoff notice will be given to employees not less than 4 (four) months prior to closure.

(4) The Company and the Union agree that the compliance with the Canada Labour Code notification is satisfied by the above timelines.

(5) Any issues not scoped in this LOU will be subject to the provisions of the Collective Agreement and standard Company Policies and Practices.

NOW THEREFORE, the parties agree to the following:

Option #1 - Voluntary Separation Package (VSP)

The VSPs will be available to all qualifying Jazz employees affected by contracting out.

- a. Severance equal to the payment of two (2) weeks per year of service to a maximum of fifty-two (52) weeks.

- b. Employee's service will be pro-rated for the purpose of determining continuous Company service, including any time worked part-time. Company service will be based on the following formula:

Number of regular hours worked in a calendar year <hr style="border: 0.5px solid black;"/> 2,080 (number of full-time hours worked in a calendar year)	x 12	= number of months of continuous service (rounded up to next whole number)
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- c. This severance will be paid in accordance with the traditional Jazz payroll dates.
- d. Employees who have met a retirement travel milestone will be eligible for travel privileges in accordance with the Retirement Policy. Employees who don't have the retirement milestone will receive two (2) passes for each year of service with the Company for the employee spouse and dependants consistent with Airports Base Closure collective agreement language. These passes will be on a priority of C3/Y10 for category one (1) employees and a C5/Y10 priority for category two (2) and three (3) employees.
- e. Employees will be eligible for Benefits for a six (6) month period following separation provided they pay 100% of the cost.
- f. The employee will be considered as severed from the Company when the program is complete and once accepted, the VSP is considered binding.
- g. The actual exit date of the employees who elect VSPs will be effective the date of closure due to contracting out of scope work in accordance with the timetable established in this LOU.
- h. Employees who accept the Voluntary Severance Package that have reached the criteria for retirement in accordance with the Jazz Retirement Policy will be able to utilize their accumulated sick credits in accordance with articles 11.10.09 and 11.10.10.
- i. Secondary VSP packages will be offered in those bases and applicable classifications where contracted out employees bump and cause subsequent bumping issues. The secondary VSPs will be eligible in accordance with the foregoing, with the following caveats:

- The number of secondary VSPs offered will be equivalent to the number of surplus employees that are being displaced after any open vacancies and positions are filled within the base.

Option #2 – RELOCATION

2.1 All scoped permanent active employees in the stations, and classifications affected by contracting out and who are eligible to bump as a result of layoff will be offered Relocation Packages in accordance with the attached program with the following modifications:

- a. The total reimbursement for the relocation package will be \$25000.00 (twenty five thousand dollars) for an employee who currently owns a home.
- b. Notwithstanding the attached relocation policy, there will not be a maximum on real estate related expenses except subject to the maximum limitation above.
- c. The total reimbursement for the relocation package will be \$15000.00 (fifteen thousand dollars) for an employee who currently rents their home.
- d. To be eligible for the relocation package the employee must relocate their principle residence from their current base.
- e. The employee eligible for the relocation package will complete their relocation within 12 (twelve) months of the date of closure of their base, or being laid off due to contracting out.
- f. Relocating employees will be eligible for 60 (sixty) days of daily per diem at \$65.00 (sixty five dollars) upon arrival at their new base.
- g. Employees who have indicated that they are relocating will be offered space available passes on their personal travel priority without service charge for a maximum period of 6 (six) months or until their relocation is complete whichever is earlier.

2.2 Secondary relocation packages will be offered in those bases where contracting out employees bump and cause subsequent bumping issues. These secondary relocation packages will be in accordance with the above criteria.

Option # 3 – EMPLOYEES WHO ELECT LAYOFF:

3.1 Employees who elect to accept layoff will have all the rights afforded to them in accordance with the collective agreement with the addition that they will be eligible 6 months of benefit coverage on a 50/50 cost share basis.

3.2 The layoff notifications will be issued to Cabin Services not later than February 1st, 2014 formally notifying them of contracting out of scope work effective June 1st, 2014. Those affected employees will have until March 31st, 2013 to return their decision notwithstanding the 21 (21) day provisions of article 10.06.

3.3 The layoff notifications will be issued to Ramp Services not later than February 1st, 2014 formally notifying them of contracting out of scope work in their base effective July 1st, 2014. Those affected employees will have until March 31st, 2014 to return their decision notwithstanding the 21 (21) day provisions of article 10.06.

3.4 The layoff notifications will be issued to Customer Service agents in YZR, YQL, YXH not later than January 1st, 2014 formally notifying them of contracting out of scope work effective May 1st, 2014. Those affected employees will have until March 1st, 2014 to return their decision notwithstanding the 21 (21) day provisions of article 10.06.

3.5 The layoff notifications will be issued to Customer Service agents in YYD, YPR, YZP, YYY, ZBF not later than May 1st, 2014 formally notifying them of contracting out of scope work effective September 1st, 2014. Those affected employees will have until July 1st, 2014 to return their decision notwithstanding the 21 (21) day provisions of article 10.06.

Option #4 – EMPLOYEES WHO ELECT TO BUMP:

4.1 Employees who elect to bump will do so in accordance with article 10.06.

4.2 Employees who bump to a new base, and increase their travel costs as a result of commuting to their new base, but do not move from their current base (commuting) are eligible to commuting expenses of up to \$7,500 for up to two (2) years from date of lay-off. Expenses incurred for commuting require submission of expense claims. Covered expenses are limited to mileage reimbursement, and the cost of either “Z fares” or U-write charges (including taxes and levies), or reimbursement for other modes of public transportation (i.e. ferry, bus etc.).

4.3 In the event an employee is not successful bumping into another base then that employee can choose Option #1 or Option # 3 if they meet the eligibility set in either option.

This Letter of Understanding shall come into force upon execution and will apply for the term of the Collective Agreement.

All other provisions of the Collective Agreement will continue to apply, except as expressly modified by this Letter of Understanding.

IN WITNESS THEREOF, the parties have signed this AGREEMENT, this

____ day of _____, 2013.

For the Company:

Marnie King
Director Airports

Kirk Newhook
Director, Labour Relations & Crew Planning

Phil Majerle, Director SOC
Director, Airports

Stephen Boa
Manager Labour Relations

Jamie Dineen
Manager Payload and DCC

Larry Marsh
General Manager, Customer Service East

For the Union:

Joel Fournier
National Representative,

Shirley Anderson-Mio
CAW Bargaining Chairperson CAW Airports

Ken White
Bargaining Representative, CS Pacific

Huw Callard
Bargaining Representative, ACS West

Matt Sackville
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Josee Genois

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Laura Nadin-Young

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