

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: Voluntary Severance Packages (“VSP”)

WHEREAS:

- (1) The Company and the Union agree that the purpose of this LOU is to establish the processes, procedures, and timelines for qualifying employees to elect VSPs subject to arbitrator Hodges award of July 17th, 2013, and;
- (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. Any unused packages will be carried over until utilized.

- (3) Any issues not scoped in this LOU will be subject to the provisions of the Collective Agreement and standard Company Policies and Practices; and
- (4) Acceptance of a VSP is subject to Jazz Corporate Policy, with the following caveat: once an employee severs employment with Jazz they cannot be re-hired for a minimum of 5 (five) years.

NOW THEREFORE, the parties agree to the following:

Voluntary Separation Package (VSP)

The VSPs will be available to all qualifying Jazz employees who are at or above the maximum accrued vacation and wage scale.

- 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	x 12	= number of months of continuous service (rounded up to next whole number)
----- 2,080		
(number of full-time hours worked in a calendar year)		

- 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 one (1) travel pass per year of service for themselves, their spouse and their eligible dependants as described under the Jazz Travel Policy with a maximum of six (6) travel passes. 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 determined by the needs of service. Once these dates are determined, employees will select in order of seniority. The VSP program will follow the schedule set out below:

Activity	Program Year			
	2013	2014	2015	2016
VSP Packages distributed by:	September 1 st , 2013	April 1 st , 2014	April 1 st , 2015	April 1 st , 2016
Apply	September 30 th , 2013	May 1 st , 2014	May 1 st , 2015	May 1 st , 2016
Award by	November 1, 2013	June 15 th , 2014	June 15 th , 2015	June 15 th , 2016
Exit by	April 30, 2014	April 30 th , 2015	April 30 th , 2016	April 30 th , 2017

- 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.

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:

For the Union:

Marnie King

Joel Fournier

Director, Airports

National Representative,

Kirk Newhook

Shirley Anderson-Mio

Director, Labour Relations & Crew Planning

CAW Bargaining Chairperson CAW Airports

Phil Majerle
Director, SOC

Ken White
Bargaining Representative, CS Pacific

Stephen Boa
Manager Labour Relations

Huw Callard
Bargaining Representative, ACS West

Jamie Dineen
Manager Payload and DCC

Matt Sackville
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General Manager, Customer Service East

Derek Mustachi
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Josee Genois
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Laura Nadin-Young
General Manager, Customer Service West

Lee Kempster
Bargaining Representative, CS Atlantic