

Heavy Maintenance Separation Program

Air Canada Proposal - January 13, 2011

Air Canada proposes to offer a separation program to IAMAW-represented Aveos employees who were employed as of the date of the requested order establishing separate bargaining units for Aveos employees, as follows:

- 1) The separation program will consist of a maximum of 1,500 separation packages.
- 2) A separation payment under this program shall be an amount representing two weeks' pay for each completed year of continuous service at Air Canada and Aveos up to a maximum of 52 weeks, service to be calculated at the time of granting the separation package. The separation payment will be based on the eligible employee's base hourly rate for a 40 hour work week.
- 3) The separation packages, up to the maximum number expressed in para. 1 above, will be made available to IAMAW-represented employees at any time up to June 30, 2015, in the event that employees are permanently laid off, or terminated or a temporary layoff becomes permanent as a direct result of Aveos ceasing to be the exclusive provider of heavy maintenance services to Air Canada, other than in circumstances described in para. 4 below. Such an event may occur before June 30, 2013, but no later than June 30, 2015.
- 4) The separation packages, up to the maximum number expressed in para. 1 above, will also be made available at any time up to June 30, 2013 to IAMAW-represented employees, in the event of an insolvency, liquidation or bankruptcy involving Aveos resulting in the cancellation of Air Canada-Aveos contracts and in the termination or permanent layoff of IAMAW represented employees.
- 5) Air Canada will take all reasonable steps to ensure that monies paid for the benefit of IAMAW employees of Aveos are paid directly to these employees.
- 6) Aveos has and shall have no liability whatsoever or financial responsibility for the Program.
- 7) Other elements of this separation program will be consistent with the provisions of similar, prior programs involving IAMAW-represented Air Canada employees.
- 8) Any disputes of implementation concerning this separation program that cannot be resolved by Air Canada, the IAMAW and Aveos shall be referred for final and binding mediation/arbitration before Martin Teplitsky, Q.C. or to a mutually agreed alternative arbitrator.
- 9) Any separation package extended to an employee by Air Canada under this separation program is inclusive of and in complete satisfaction of any and all payment in lieu of notice of termination or layoff and severance pay to which an employee in receipt of the separation package may be entitled from Air Canada and/or Aveos under the *Canada Labour Code* (the "*Code*") and under the applicable collective agreement.
- 10) The separation payments contemplated by the Air Canada separation program fulfill any and all requirements for severance pay, in relation to employees in receipt of separation payments, in any adjustment program negotiated or arbitrated under Division IX of the *Code* and the provisions of section 228 may be invoked as may be necessary to confirm this result.