



BULLETIN

TRANSPORTATION DISTRICT 140 DISTRICT DES TRANSPORTS 140

*International Association of Machinists and Aerospace Workers
Association internationale des machinistes et des travailleurs et travailleuses de l'aérospatiale*

Q & A – UPDATE NO. 1 MEETING WITH AIR CANADA MARCH 28, 2012 SUBJECT: AVEOS CEASING OPERATIONS

- Q1) Is Air Canada going to make a bid to purchase back the Heavy Maintenance operation from Aveos?
- A1) **Air Canada states that they have no intentions to re-enter the heavy maintenance business as stated in the March 21, 2012 arbitration ruling.**
- Q2) If Air Canada is not willing to purchase back the Heavy Maintenance operation from Aveos, why not?
- A2) **Once again the Company has no intention of re-entering the heavy maintenance business they did not give us any reason**
- Q3) What will the cost be to have their heavy maintenance work done by other MRO providers if they do not take back the heavy maintenance work?
- A3) **Air Canada was unable to respond to this question at this time. However this question may be answered during the arbitration hearings scheduled the week of April 9, 2012.**
- Q4) What does Air Canada plan to do with their heavy maintenance hangars across the country?
- A4) **Air Canada is awaiting the outcome of the arbitration hearings scheduled the week of April 9, 2012 prior to responding to this question.**
- Q5) What is the cost to Air Canada per month to maintain their heavy maintenance hangars (including Airport Authority costs)?
- A5) **Air Canada was unable to provide this information at the March 28, 2012. However this question may be answered during the arbitration hearings scheduled the week of April 9, 2012.**
- Q6) Is Air Canada going to bring back the Phase Checks into their line maintenance operations?
- A6) **This matter is going to be heard before Arbitrator Martin Teplitsky the week of April 9, 2012. Once the arbitrator issues an order regarding this question it will be communicated to the Membership.**

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2.

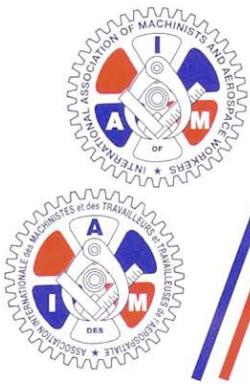
Q & A (continued)

- Q7) When is Air Canada going to pay out the severance package as outlined in CIRB Order 9996-U?
- A7) **Air Canada, IAM & AW representatives and legal representatives are discussing the administration of the packages under the CIRB order. There are a number of complicating factors related to the AVEOS CCAA/liquidation proceedings that will be handled through the CCAA court proceedings. The Members will be informed of the next steps in the process.**
- Q8) Is Air Canada in any discussions with other MRO providers that are interested in purchasing the Aveos operations in the liquidation proceedings? If so, who?
- A8) **Air Canada advised the IAM & AW that they do not have the abilities to enter into this type of agreement as the process is controlled by the Aveos Chief Restructuring Officer (CRO).**
- Q9) How does Air Canada intend to recover the three (3) aircraft abandoned in Aveos facilities?
- A9) **Air Canada is concerned about the three (3) aircraft abandoned in the Montréal and Vancouver Aveos facilities. Air Canada has been granted permission to audit the state of these aircraft through the control of the Aveos Chief Restructuring Officer.**
- Q10) How does Air Canada intend to complete the maintenance checks of the three (3) aircraft abandon in Aveos facilities? What release issues will Air Canada be faced with when attempting to obtain a certificate of airworthiness?
- A10) **Air Canada is currently auditing the state of the three (3) aircraft airworthiness issues.**
- Q11) How does Air Canada intend to recover their aircraft engines and components abandoned in Aveos facilities?
- A11) **There are approximately nineteen (19) engines at different maintenance stages. There are also component units at different maintenance stages. Air Canada has also been granted permission to audit the state of these engines through the control of the Aveos Chief Restructuring Officer.**
- Q12) How does Air Canada intend to recover their aircraft parts abandoned in Aveos facilities?
- A12) **Air Canada is working with the Aveos Chief Restructuring Officer to recover their abandoned aircraft parts.**

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3.

Q & A (continued)

Q13) How does Air Canada propose to handle seconded employees in Trenton now that all Aveos technicians are permanently laid off?

A13) The control of the Trenton operations is now in the control of the CCAA Monitor.

Q14) Will Air Canada be expediting the movement of their employees in Trenton to their end state?

Q15) If so what will the future demise of the current Aveos employees stationed there be?

Q16) Is Air Canada currently paying the salaries and benefits and overtime for all Air Canada employees stationed in Trenton?

A14, 15, 16)

The control of the Trenton operations is now in the control of the CCAA Monitor. The Air Canada employees are being paid by Air Canada and the Aveos employees are being paid by the CRO. The future of this operation is in the control of the CRO.

Q17) Does Air Canada intend to take over the Department of National Defence (DND) contract?

A17) The Trenton operations is now in the control of the CCAA Monitor. The IAM is awaiting a response from the DND representatives regarding the future of the DND contract.

Q18) What is Air Canada's plan to induct their employees seconded to Aveos, if any, who are now out of a job? We need a list of any that were still seconded when Aveos closed their doors.

A18) Air Canada provided the IAM with a list of the seconded Air Canada employees that were affected by Aveos ceasing operations. Air Canada has moved the seconded Air Canada to Air Canada positions. However, those employees working at the Trenton operation will remain seconded and the movement of these employees is now in the control of the CCAA Monitor.

Q19) What are Air Canada's plans to have their heavy maintenance completed in the future?

A19) Air Canada advised the IAM & AW that the Request for Purchase (RFP) is open to global competitors.

Q20) If Air Canada is in discussions with other MRO providers, what type of service contract are they offering?

A20) Air Canada advised the IAM & AW that they do not have the ability to enter into these types of discussions as the CCAA liquidation process is controlled by the Aveos Chief Restructuring Officer.

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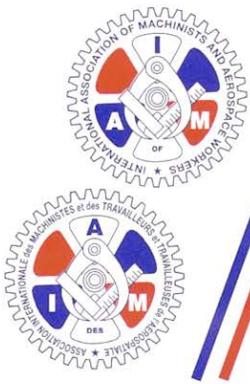
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4.

Q & A (continued)

- Q21) Is Air Canada going to have all their heavy maintenance preformed in Canada?
- A21) Air Canada stated that there are no global competitors that could provide Air Canada with the services they require.**
- Q22) Is Air Canada intending to wet lease aircraft to replace the three (3) aircraft abandoned in Aveos facilities? If so, from who and what will the maintenance terms be?
- A22) Air Canada advised the Union that they are currently reviewing all of their options to meet the summer flight schedule. Once they finalize their plans the IAM & AW expects Air Canada to communicate this information to the IAM & AW leadership.**
- Q23) Does Air Canada have any intentions to take over some of the facilities like the wheel and brake shop or any other shops?
- A23) Air Canada advised the IAM & AW that they are utilizing other providers for their immediate needs and that they have not dealt with their long term plans as this matter will be proceeding to arbitration and their long term plans will be based on the outcome of the Arbitrator's decision.**
- Q24) AVEOS was a supplier for rotables like O2 bottles, wheels and brakes, batteries, etc. Does Air Canada have any interest in getting back into those "small shop" type operations where Dangerous Goods transportation costs will kill you. We see Air Canada has already changed suppliers for some of these types of items, would it not make sense to do some of this in YYZ and YVR?
- A24) Air Canada advised the IAM & AW that they are utilizing other providers for their immediate needs and that they have not dealt with their long term plans as this matter will be proceeding to arbitration and their long term plans will be based on the outcome of the Arbitrator's decision.**
- Q25) What other types of sub-contracting is Air Canada planning on doing? Can we get a complete list?
- A25) The Union is going to request through the Arbitrator that Air Canada provide the Union with a complete list of work that is being contracted out.**
- Q26) What is the Air Canada plan for endorsement course training?
- A26) Air Canada advised the Union that they are currently seeking a provider that is capable of providing this service. The IAM & AW position is that this work is Bargaining Unit work therefore we intend to arbitrate this matter.**

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5.

Q & A (continued)

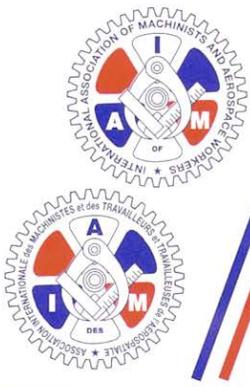
- Q27) Does Air Canada have another supplier in mind to take on the endorsement course training?
- A27) Air Canada did not provide the name of a service provider that could provide this service. However, Air Canada advised the Union that they are currently seeking a provider that is capable of providing this service. The IAM & AW position is that this work is Bargaining Unit work therefore we intend to arbitrate this matter.**
- Q28) Since Licensed Technical Instructor language is part of the current CBA, will Air Canada be hiring Licensed Technical Instructors to perform endorsement course training?
- A28) This matter will most likely be decided by Arbitrator Martin Teplitsky.**
- Q29) What obligation, if any, does Air Canada have regarding funding shortfalls and the wind-up of the Pension Plans for the employees at AVEOS? When/where will this process take place? Is it part of CCAA proceedings? As the majority of an AVEOS person's pension money is still under the Air Canada Master Pension Plan, will the payout of that money, in a wind-up situation of the Plan for the employees at AVEOS, impact the viability of the Air Canada's Pension Plan? Will we be seeing a request for further pension concessions and/or changes to the Air Canada tentative agreement as a result of AVEOS' actions? Are there other pension impacts?
- A29) Air Canada advised the IAM & AW that all pension matters will be handled by Legal Counsel.**
- Q30) What happens to an employee who has now met a pension milestone to retire using their Air Canada time combined with their Aveos time? Can they now retire from Air Canada?
- A30) Air Canada advised the IAM & AW that all pension matters will be handled by Legal Counsel.**
- Q31) Are Category 2 Aveos employees that reach a retirement milestone (grow into Category 1 status) still entitled to the OAL & Survivor travel privileges as agreed to between the IAM & AW and Air Canada for Aveos employees? Is the IAM & AW still awaiting a response from Air Canada regarding the draft MOA that the IAM & AW presented to Air Canada on February 23, 2012 regarding this matter?
- A31) Air Canada advised the IAM & AW that they intend to honour the verbal commitment made to the IAM & AW whereby Aveos employees that meet a retirement milestone will be entitled to OAL and Survivor travel benefits. In addition, Air Canada stated that they intend to finalize an MOA with the IAM & AW regarding this matter.**

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6.

Q & A (continued)

- Q32) Are the Aveos employees still entitled to Air Canada travel benefits due to Aveos ceasing operations?
- A32) Air Canada advised the IAM & AW that travel Benefits for Aveos employees was not contingent on continuous employment with Aveos therefore, these employees are still entitled to the travel benefits as agreed to with the IAM & AW.**
- Q33) Gantt Chart meetings were set up to track aircraft movement and maintenance. We need to continue those meetings to follow aircraft movements and a commitment from the company to work with us to keep as much of that work in-house as possible.
- A33) Due to Aveos ceasing operations Air Canada is currently sub-contracting out. The IAM & AW is proceeding to arbitration therefore Arbitrator Martin Teplitsky's decision will determine how the sub-contracting out of work will be dealt with as a result of Aveos ceasing operations.**

**BULLETIN NO. 044 – ISSUED MARCH 30, 2012
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