

IN THE MATTER OF AN ARBITRATION

B E T W E E N :

AIR CANADA

- and -

AVEOS

- and -

IAMAW

MARTIN TEPLITSKY, Q.C.
Arbitrator

On behalf of Air Canada: Fred Headon
Scott Morey

On behalf of Aveos: Alex Emile-Gold-Dalg
Chuck Frost
Ron McRobie
Frank Szemenyei

On behalf of IAMAW: Jim Hayes
Amanda Pask
Chuck Atkinson

June 15, 2010

During the process of resolving transition issues, the parties agreed that if they were unable to agree on proceeding to the CIRB in tandem, that no party would proceed unilaterally without my first holding a meeting and then, in the exercise of discretion, directing the matter to proceed to the CIRB.

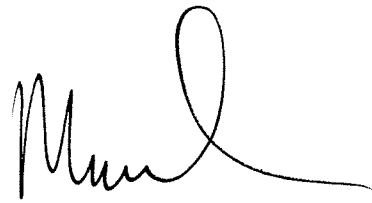
Air Canada, supported by Aveos, asked me to convene a meeting and to permit the employers to proceed with a CIRB application for a “split” certification. Reference to the long delay since the sale to Aveos was made. Even before the employer’s request, I had been exploring the potential with the parties for an amicable resolution. I am satisfied that at this point in time, this goal cannot be achieved. Hopefully, during the CIRB proceedings more can be achieved because a settlement would be in the best interests of all parties.

The Union’s position is that the matter is not “ripe” to proceed to the CIRB because Aveos has not made full disclosure on its reorganization and the Union is unable to determine its viability. There is no doubt that beginning in early May, 2010 Aveos made considerable disclosure. I express no opinion on whether further disclosure is required. This is an issue better left to the CIRB because my engaging in the disclosure controversy would not lead to a settlement and would only further delay the matter.

It is now a number of years since the sale to Aveos by Air Canada of its heavy maintenance, components and engine businesses. The affected employees remain employees of

Air Canada although they work for Aveos. It is time to bring closure. The CIRB is the appropriate forum. Accordingly, the employers, or either of them , may proceed with an application to the CIRB.

DATED the 16th day of June, 2010.

A handwritten signature in black ink, appearing to read 'Martin Teplitsky', written in a cursive style. The signature is positioned above a horizontal line.

MARTIN TEPLITSKY, Q.C.
Arbitrator