



# AIR CANADA

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# Air Canada reaches agreement with CUPE on collective agreement extension

Agreements on labour stability now concluded with all five of the airline's Canadian-based unions

MONTREAL, June 22 /CNW Telbec/ - Air Canada said today that it has reached agreement on a collective agreement extension with CUPE that represents the airline's approximately 6,700 flight attendants. The contract extension agreement, together with the pension moratorium agreement reached June 15th with CUPE, are subject to membership ratification.

"I thank the Honourable James Farley and Mr. Jacques Lessard for their important contribution in facilitating the conclusion of the last remaining labour agreement well within an extraordinarily tight timeframe," said Calin Rovinescu, President and Chief Executive Officer of Air Canada.

"Given the current economic context and the financial crisis facing the airline industry, I especially commend the management and union negotiating teams for their hard work and outstanding commitment. These tentative agreements will allow us to move forward to the next milestones: obtaining the necessary governmental measures and approvals for the pension funding arrangement and raising new financing. Discussions are ongoing with several potential lenders."

The airline has now concluded agreements on a cost neutral basis for collective agreement extensions with its entire unionized workforce in Canada, in addition to having reached tentative agreements on a pension funding moratorium. The terms of the labour contract extension agreements of all five unions specify that there shall be no changes to wage rates and pension benefit levels during the extension period of 21 months.

The CAW became the first union to ratify its contract on June 18, 2009. The ratification process is ongoing with the other labour groups.

Separately, Air Canada confirmed that the condition of the Memorandum of Understanding with one of its principal credit card processors requiring finalizing amendments by June 15, 2009 was met by the deadline of June 15, 2009 such that its terms remain in effect.

## CAUTION REGARDING FORWARD-LOOKING INFORMATION

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