



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

IMPORTANT MESSAGE

TO ALL IAMAW MEMBERS

EXCLUSIVITY PURCHASE AGREEMENT BETWEEN AIR CANADA AND TRANSAT A.T. INC. UPDATE No. 1

Dear Brothers and Sisters:

On May 16, 2019 Air Canada and Air Transat A.T. Inc. (Transat) announced that they had entered into a thirty (30) day exclusivity agreement. This exclusivity agreement does not mean that Air Canada has purchased Transat. Rather it is an agreement entered into by both companies that allows them to conduct a due diligence review process of all aspects of any prospective purchase agreement prior to finalizing such an agreement.

Because both companies are publicly traded, a key component of the exclusivity agreement is the non-disclosure of any relevant information pertaining to the prospective deal. Public disclosure relating to the agreement could affect the share price of either company and would put the companies at risk of insider trading charges from Securities regulators. Therefore, it is not expected that either Air Canada or Transat will publicly comment or release information on this process until it is completed and a final outcome has been determined.

Assuming that Air Canada agrees to purchase Transat, it is not clear what the final corporate structure of the purchase would look like. Air Canada would have a number of options on how the two companies would ultimately be operated and conduct business. Any deal that may be agreed to between the two companies would also need to obtain regulatory approval from Transport Canada and various other government departments and agencies.

The IAMAW does not have the ability to determine the outcome of the proposed purchase or possible corporate merger agreement. Air Canada and Transat are the only two parties to the agreement and are the only parties who can determine the outcome, subject to obtaining the necessary government and regulatory approvals.

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Transportation District 140 is the bargaining agent for all IAMAW members at both Air Canada and Transat. The IAMAW fully commits to represent all of our members at both companies fairly and equally.

Any changes to the IAMAW collective agreements must be bargained between the respective companies and the IAMAW. All changes of corporate ownership that involve unionized workers are subject to compliance with the Canada Labour Code, and any resultant collective agreements and/or workgroup mergers are subject to oversight and approval by the Canadian Industrial Relations Board. The shape and scope of the IAMAW bargaining unit at Air Canada/Transat will be determined by the new corporate structure and collective bargaining between the IAMAW and Air Canada/Transat.

The IAMAW and our members have been involved with no less than six (6) airline mergers in Canada dating back to the early 1980s. Every one of those mergers has followed a very similar and distinct process. If Air Canada and Transat agree upon a purchase agreement and a corporate merger of business, both companies will continue to operate separately under their existing structure for the foreseeable future. This period of continued separate operations typically continues for eighteen (18) to twenty-four (24) months after a purchase agreement is announced.

It is during this lengthy post-purchase time period that the IAMAW will enter into discussions and ultimately negotiations with Air Canada and Air Transat on behalf of our members. The two IAMAW bargaining units cannot be merged or have their wages or working conditions altered unless agreements have been bargained.

At this date there are many more questions than answers regarding the possible purchase of Transat by Air Canada or any of the great many issues that will arise as a result of a purchase. In order to ensure that our membership has the most up to date information that the IAMAW has, this update will be the first of a continuing series of updates on this topic.

Transportation District 140 will issue future updates through our website and communication channels as we become aware of new information relevant to this process and our members.

In Solidarity,



Fred Hospes
President & Directing General Chairperson