

General Operating By-Law No. 1
COPA SPECIAL ACTION FUND INC.

**As enacted at the Annual General Meeting held on _____, at
_____.**

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1 DEFINITIONS AND INTERPRETATIONS

1-A Definitions

In this by-law and all other by-laws and resolutions of the Corporation, unless the context otherwise requires:

- (1) "Act" means the Canada Corporations Act, R.S.C. 1970, c. C-32, including any regulations made pursuant thereto, and any statute or regulations substituted therefor, as amended from time to time;
- (2) "Association" or "COPA" means the Canadian Owners and Pilots Association;
- (3) "Board" means the Board of Directors of the Corporation and "Director" means a member of the Board;
- (4) "by-laws" means this by-law and all other by-laws of the Corporation as amended and which are, from time to time, in force and effect;
- (5) "Corporation" or "SAF" means the COPA Special Action Fund Inc.;
- (6) "letters patent" means the letters patent as amended from time to time including any letters patent of continuance in the event of subsequent substitution of the Act;
- (7) "meeting of members" includes an annual general meeting of members and a special meeting of members;
- (8) "seniority on the Board" means the length of continuous service as an elected Director on the Board of Directors; and
- (9) "special meeting of members" means a special meeting of all members entitled to vote at an annual meeting of members and a meeting of any class or classes of members entitled to vote on the question at issue.

1-B Interpretation

In the interpretation of this by-law, unless the context otherwise requires, the following rules shall apply:

- (1) except where specifically defined herein, all terms contained herein and which are defined in the Act shall have the meanings given to such terms in the Act;
- (2) words importing the singular number only shall include the plural and vice versa;
- (3) the word "person" shall include an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization,

trust, body corporate, and a natural person in his capacity as trustee, executor, administrator, or other legal representative;

(4) words importing the masculine gender include the feminine and neuter genders;

(5) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions; and

(6) for the purposes of these by-laws Western Canada or Eastern Canada shall refer to any location west or east of the Manitoba-Ontario border or an extension thereof.

2 HEAD OFFICE

The head office of the Corporation shall be in the City of Ottawa, Province of Ontario subject to change by by-law sanctioned by at least 2/3 of the votes cast at a special meeting of members.

3 MEMBERSHIP

(1) Membership in the Corporation shall be available only to the Directors, then in office, of the Association. Each Director of the Association shall automatically become a member of the Corporation upon becoming a Director of the Association.

(2) There shall be no membership fees or dues unless otherwise directed by the Board of Directors.

(3) A member who ceases to be a Director, for whatever cause, of the Association shall automatically cease to be a member of the Corporation.

4 MEETINGS OF MEMBERS

4-A Annual General Meeting

(1) The Annual General Meeting of members shall be held at such time and place in Canada each year as the Directors may determine, and shall be held within twelve months of the financial year end.

(2) At every Annual General Meeting, in addition to any other business that may be transacted, the report of the directors, the financial statements and the report of the auditors shall be presented, and auditors appointed for the ensuing year.

4-B Special Meetings of Members

Special meetings of members may be called by the Board of Directors or Chair of the Board. The Chair of the Board shall call a special meeting of members upon written request by not less than twenty percent (20%) of the members of the Corporation.

4-C Notice of Meetings

Fourteen (14) days written notice shall be given to each voting member of any Annual General Meeting or special meeting of members. Notice of special meetings of members shall contain details of the business to be transacted and enough information to allow members to make a reasoned judgment. A member and any other person entitled to attend a meeting of members may in any manner and at any time waive notice of a meeting of members, and attendance of any such person at a meeting of members is a waiver of notice of the meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4-D Quorum

A majority of the members of the Corporation shall constitute a quorum.

4-E Voting

(1) The person chairing a members' meeting shall neither make nor second any motion, nor take part in any debate while in the Chair, except to define procedures or to make explanations. The person chairing a members' meeting shall preserve order at all meetings and put to a vote all proper motions. The person chairing the members' meeting shall not have a vote as a member, but shall have a casting vote.

(2) Unless the Act, these by-laws, or the letters patent otherwise provide, all questions not affecting the by-laws shall be decided by a majority of the votes cast. Questions affecting the by-laws shall be decided by a two-thirds (2/3) majority of votes cast.

(3) Each member shall be entitled to one vote.

(4) Every question submitted to a membership meeting of the Corporation may be voted on in the first instance by a show of hands. Any five members may then demand a counted vote.

(5) Once the vote has been completed, a declaration by the Chair that a resolution has been carried or defeated shall be conclusive evidence of that fact.

(6) Proxy voting is not available.

5 BOARD OF DIRECTORS

5-A Composition

(1) The Board of Directors of the Corporation shall consist of the elected Officers, then in office, of the Association, not including the President and CEO of the Association.

(2) There must be a minimum of three (3) Directors who must be individuals, 18 years of age, with power under law to contract. The precise number of Directors shall be determined or changed by a resolution of the Board.

5-B Duties and Responsibilities

(1) Subject to the Act and the letters patent, the affairs of the Corporation shall be managed by the Board of Directors which shall supervise and control all activities of the Corporation.

(2) The Board shall establish all policies, generally, for the protection and interests of the Corporation on the basis of the expressed will of the members and the long-term financial stability of the Corporation.

5-C Term of Office

Directors have a term of office of two (2) years, commencing and terminating coincident with their term as Officers of the Association.

5-D Removal and Vacancies

(1) The Office of Director shall be automatically vacated if the Director ceases to be an Officer of the Association.

(2) A Director may be removed from office by the members by resolution passed by a majority of the members present at a meeting of members.

(3) Vacancies shall be filled by the election or appointment of a replacement Officer to the Association.

5-E Meetings

(1) Meetings of the Board of Directors shall be held at the call of the Chair of the Board or at the request of any two directors, and shall be held at such time and place, in Canada, as the Board shall decide.

(2) Unless sent by mail, forty-eight (48) hours notice of a meeting of the board of directors shall be given to each director. Notice of any such meeting that is sent by mail

shall be mailed not less than fourteen (14) days (exclusive of the day on which the notice is delivered or sent but inclusive of the date for which the notice is given) before the meeting is to take place. Notwithstanding the foregoing, notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting.

(3) Meetings of the Board of Directors may be held by teleconference or by any other appropriate communications technology if:

a) either a majority of the Directors consents to meeting by teleconference or meetings by teleconference have been approved by resolution passed by the Board of Directors; or

b) the other electronic means permits each Director to communicate adequately with each other; the Board of Directors of the Corporation has passed a resolution addressing the mechanics of holding such a meeting and dealing specifically with how security issues should be handled, the procedure for establishing quorum and recording votes; each Director has equal access to the specific means of communication to be used; and each Director has consented in advance to meeting by electronic means using the specific means of communication proposed for the meeting.

(4) A majority of the Board of Directors then in office shall constitute a quorum, but shall in no instance be less than two (2) Directors.

(5) The procedure at meetings of the Directors shall be governed in certain respects by the Corporation's by-laws and Board policy, or in the absence of any provision, the procedures in Robert's Rules of Order, latest edition shall be followed.

5-F Voting by Directors

(1) Each elected Director shall have one (1) vote on each question. The Chair shall not have a vote, but shall have a casting vote.

(2) Unless otherwise required by the Act or the by-laws, all questions shall be decided by a majority of the votes cast.

(3) Proxy voting is not available.

5-G Remuneration

The Directors shall serve as such without remuneration but are eligible to be compensated for reasonable expenses related to Directors' duties.

6 OFFICERS

6-A Composition

- (1) The Officers of the Corporation shall be the Directors of the Corporation and the President and CEO of the Association. The Officers shall hold the same offices they hold as the Officers, then in office, of the Association.
- (2) The officers shall consist of the Chair of the Board, two Vice-Chairs, a Secretary, a Treasurer, and the President and CEO of the Corporation. The offices of Secretary and Treasurer may be held by the same person.

6-B Duties of Officers

Unless otherwise specified by the Board (which may, subject to the Act, modify, restrict or supplement such duties and powers), the offices of the Corporation shall have the following duties and powers associated therewith:

- (1) The Chair of the Board shall call all meetings of the Directors and of the members of the Corporation, and shall normally act as chairperson of such meetings. The Chair shall be responsible for the integrity of the Board process in accordance with the by-laws and Board policies. The Chair shall be ex-officio a member of all Board committees, and shall perform other duties as may, from time to time, be delegated by the Board.
- (2) The Vice-Chairs shall, in order of their seniority as Directors, in the absence or disability of the Chair of the Board, perform the duties and responsibilities of the Chair. In the event the position of Chair is vacated between scheduled elections of Officers, the Vice-Chairs, in order of their seniority on the Board, shall assume the position of Chair for the balance of the term. In the event both Vice-Chairs have equal seniority the Eastern Vice-Chair shall assume the position of Chair for the balance of the term. The Vice-Chairs shall also perform such other duties as may, from time to time, be delegated by the Board.
- (3) The Secretary shall ensure adequate minutes are taken at meetings of the Directors and members of the Corporation. The Secretary shall be responsible for the integrity of Board documents, and shall perform other duties as may, from time to time, be delegated by the Board.
- (4) The Treasurer shall report to the Board, as required by Board Policy, on the disposition of Corporation funds, and shall review and report to the Board and the members on the annual audit of the Corporation. The Treasurer shall perform other duties as may, from time to time, be delegated by the Board.

6-C Term of Office

Officers have a term of office of two (2) years, commencing and terminating coincident with their term as Officers of the Association.

6-D Removal and Vacancies

An office shall be vacated, an Officer removed, and any vacancy filled in the same manner as Directors as set out in section 5-D.

6-E Remuneration

The Officers, except the President and CEO, shall serve as such without remuneration but are eligible to be compensated for reasonable expenses related to Officers' duties.

7 PROFESSIONAL STAFF AND AGENTS

(1) The Board of Directors may appoint agents and hire employees as it shall deem necessary from time to time to accomplish the goals of the Corporation.

(2) Normally the Association shall administer the affairs of the Corporation and shall be compensated for doing so by fees set, from time to time, by the Board of Directors.

8 FINANCIAL

8-A Financial Year

Unless otherwise ordered by the Board of Directors, the fiscal year end of the Corporation shall be December 31.

8-B Corporate Seal

The President and CEO shall have care and custody of the Corporate Seal.

8-C Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any two (2) of its Officers. Notwithstanding the foregoing, the Board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any person authorized to sign any document may affix the corporate seal thereto.

8-D Auditors

The Members shall at each annual general meeting appoint an auditor to audit the accounts of the Corporation for a report to the members at the next annual general meeting. The remuneration of the auditor shall be fixed by the Board of Directors. The auditor may not be a Director, Officer or employee of the Corporation, unless the consent of all members has been obtained.

9 INDEMNIFICATION

Subject to the Act, every Director, Officer or other person who has undertaken, or is about to undertake any liability on behalf of the Corporation or any subsidiary controlled by it, and their heirs, executors and administrators, and estate and effects, shall be indemnified and saved harmless out of the funds of the Corporation, from and against:

- a) All costs, charges and expenses which such Director, Officer or other person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against them, or in respect of any act, deed, matter of thing whatsoever, made, done or permitted by them, in or about the execution of the duties of their office or in respect of any such liability; and
- b) All other costs, charges and expenses which are sustained or incurred in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by willful neglect or default.

9-A Limitation of Liability

Except as otherwise provided in the Act, no Director or Officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person including any person with whom or which any moneys, securities or effects shall be lodged or deposited or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of the director's or officer's respective office or trust or in relation thereto unless the same shall happen by or through the director's or officer's own wilful neglect or default.

9-B Indemnity of Directors and Officers

Subject to the Act, the Corporation may indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer or in a similar capacity of another entity, and such person's heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal, administrative or investigative action or other proceeding in which the individual is involved because of that association with the corporation or other entity if,

(1) he acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and

(2) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation may indemnify such person in all such other matters, actions, proceedings and circumstances as may be permitted by the Act or the law. Nothing in this by-law shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this by-law.

9-C Insurance

The Corporation may purchase and maintain insurance for the benefit of any person entitled to be indemnified by the Corporation pursuant to the immediately preceding section.

9-D Advances

With respect to the defence by a director or officer of any claims, actions, suits or proceedings, whether civil or criminal, for which the Corporation is liable to indemnify a director or officer pursuant to this by-law, the Corporation may advance to the director or officer such funds as may be reasonably necessary for the defence of such claims, actions, suits or proceedings upon written notice by the director or officer to the Corporation disclosing the particulars of such claims, actions, suits or proceedings and requesting such advance.

10 AMENDMENT OF THE BY-LAWS

(1) The by-laws of the Corporation not embodied in the letters patent may be repealed or amended by by-law enacted by a two-thirds (2/3) majority of the votes cast at a Board meeting called to consider the by-law change and sanctioned by an

affirmative vote of at least two-thirds (2/3) of votes cast at a meeting of members duly called for the purpose of considering the said by-law, provided that the repeal or amendment of such by-law shall not be enforced or acted upon until the approval of the federal Minister of Industry has been obtained.

(2) Notice of proposed amendments recommended by the Board of Directors shall be published in the Corporation's membership publication at least forty-five (45) days prior to the date of the meeting of members at which the amendments are to be considered.

ENACTED this th day of July, 2007.

Chair

Secretary