



October 30, 2015

Ms. Colleen Stockley
Deputy Minister
Department of Health
Government of Nunavut
PO Box 1000, Station 1000
Iqaluit, NU
X0A 0H0

Dear Ms. Stockley,

First, please accept my sincere apology in not responding after meeting with your colleagues on October 5th in Iqaluit. While there, we discussed the perceived reduction in airline service in the Kivalliq Region and the incidents of Medical Cargo shipments.

Let me start by addressing your concerns regarding Scheduled Medical Travel and Duty Travel due to the perceived reduction in seats in our region. Since Calm Air announced the transaction with First Air it has been our intention to provide better service moving forward than the existing service at the time; in order to be accepted by the customers in the Kivalliq region. We carefully considered frequency, routing and connectivity when we designed the current schedule.

Since July, the number of seats across the Kivalliq Region has actually increased. Please see the attached summary of the combined seats before the transaction and the number of seats post-transaction. I would like to point out that the load factors since our July 2nd implementation date are 62% within the Kivalliq Region and 57% between Winnipeg and Rankin; which shows how much available capacity there is.

When sports teams, conferences, government sponsored clinics, etc. take place, the organizers simply have to let us know in advance; and if there are not sufficient seats available, we will add another frequency at no additional cost. We have made the medical department aware of this for future medical clinics to avoid unavailable seats on regularly scheduled flights. They have received emergency phone numbers to call at any time when seats are needed.

With higher passenger loads, we were able to reduce the number of multi-stop or multi-community routes to either direct routes, or maximum of one stop (one neighbouring community). This reduces the amount of time on the aircraft materially and opens up seats for each community to fly direct. We were also able to commit to an additional aircraft to be based in Rankin Inlet at all times. This aircraft serves as redundancy to our current schedule and is available for charters or extra charters.

Calm Air International LP
Corporate Head Office

90 Thompson Drive | Thompson MB R8N 1Y8 Canada
t. 204.778.6471 | f. 204.778.6954 | tf. 800.839.2256
e. mail@calmair.com | w. www.calmair.com



The schedule was also designed around twice a day (13 times per week) Boeing 737 service between Winnipeg and Rankin. The Boeing 737 is faster than Calm Air's Dornier jets and has the capacity to haul more people but also a large amount of freight on each flight, whereas the Dornier's had virtually no freight capacity.

This added freight capacity from Calm Air leasing First Air's Boeing 737 has created enough additional capacity to fly all of the fresh, frozen and cooler food, including milk, bread and eggs to the entire region. Not only have the store managers noticed the improvement in food quality, but so have the communities. During my community meetings, elders and residents have thanked us for this delivery method as the food now arrives up to three days faster in the Kivalliq region. All of this is done at no additional cost to the residents of the Kivalliq region. This should impact on the communities' health, with quality fresh food.

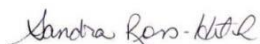
With the transition of our Hub from Churchill to Rankin, we did incur several growing pains and disruptions to service. Our ground handler in Rankin, which is owned by Sakku Investments and the Kivalliq Inuit Association have worked very hard to hire dozens of new staff in a very short period of time, and have done an excellent job getting them up to speed quickly. Unfortunately there are some growing pains. We are addressing these and continue to improve the process and procedures. We have developed a procedure where the health centre emails a group email at Calm Air, when a shipment is being transferred to us. The shipment must be at our facility a minimum of three hours prior to departure to help ensure the shipment travels on the requested flight. We are working with Matt Stacey, Manager of Medical Technology Systems in this regard. We have distributed Memo's and email stating the importance of these time sensitive shipments. We acknowledge that in this area we have not lived up to the commitment to the GN and the communities that we service however we are trying to rectify this by implementing this new procedure.

We understand the importance of aviation in the Far North as we have had the opportunity to serve the Kivalliq region for over 35 years. We want to provide the Government of Nunavut with a long-term, economic and viable airline to be able to continue to service the people in the Kivalliq region for years to come.

On behalf of Calm Air, I want to thank you for your letter, and your continual feedback as we transition our new hub to Rankin Inlet, please continue to let us know about any service issues that you have going forward.

We would welcome the opportunity for our President Gary Bell to meet with Premier Taptuna, the Kivalliq MLAs, as well as yourself the week of November 23rd.

Yours truly,



Sandra Ross-Hitch
Vice President of Marketing
Calm Air International LP

SRH/gm

KIVALLIQ REGION

		OLD AIRLINE SCHEDULE						NEW AIRLINE SCHEDULE						VARIANCE	
Origin	Destination	Flights per Week			Seats per Week			Flights per Week			Seats per Week			Flights per Week	Seats per Week
		FA	CA	TOTAL	FA	CA	TOTAL	FA	CA	TOTAL	FA	CA	TOTAL	TOTAL	TOTAL
Arviat	Rankin Inlet	10	12	22	220	264	484	19	19	19	466	466	466	-3	-18
Rankin Inlet	Arviat	10	13	23	220	286	506	19	19	19	466	466	466	-4	-40
Baker Lake	Rankin Inlet	11	11	22	242	242	484	20	20	20	488	488	488	-2	4
Rankin Inlet	Baker Lake	11	12	23	242	264	506	20	20	20	488	488	488	-3	-18
Chesterfield Inlet	Rankin Inlet	4	7	11	88	154	242	13	13	13	334	334	334	2	92
Rankin Inlet	Chesterfield Inlet	4	7	11	88	154	242	13	13	13	334	334	334	2	92
Coral Harbour	Rankin Inlet	4	8	12	88	176	264	12	12	12	276	276	276	0	12
Rankin Inlet	Coral Harbour	4	7	11	88	154	242	12	12	12	276	276	276	1	34
Repulse Bay	Rankin Inlet		8	8		176	176	12	12	12	276	276	276	4	100
Rankin Inlet	Repulse Bay		8	8		176	176	12	12	12	276	276	276	4	100
Whale Cove	Rankin Inlet	4	8	12	88	176	264	12	12	12	312	312	312	0	48
Rankin Inlet	Whale Cove	4	10	14	88	220	308	12	12	12	312	312	312	-2	4
Winnipeg	Rankin Inlet	7	12	19	402	272	674	14	14	14	916	916	916	-5	242
Rankin Inlet	Winnipeg	7	12	19	402	272	674	14	14	14	916	916	916	-5	242
		80	135	215	2,256	2,986	5,242	0	204	204	0	6,136	6,136	-11	894