

COLLECTIVE AGREEMENT

between

MASTERFEEDS INC.

(Prescott Office)

hereinafter called "The Company"

- and -

COMMUNICATIONS, ENERGY AND PAPERWORKERS

UNION OF CANADA, LOCAL 1-0

hereinafter called "The Union"

INDEX

<u>ARTICLE</u>		<u>PAGE</u>
I	PURPOSE.....	3
II	RECOGNITION OF COVERAGE	3
III	RESERVATION OF MANAGEMENT FUNCTIONS.....	4
IV	TEMPORARY TRANSFER	4
V	HOURS OF WORK AND OVERTIME	5
VI	PLANT HOLIDAYS	6
VII	VACATIONS WITH PAY	7
VIII	GRIEVANCE PROCEDURE	9
IX	ARBITRATION.....	10
X	NON-INTERRUPTION OF WORK	11
XI	SENIORITY	11
XII	LAY-OFF AND RECALL	13
XIII	PROMOTION AND JOB POSTING	14
XIV	WAGES	14
XV	WELFARE BENEFITS AND SAFETY.....	14
XVI	LEAVE OF ABSENCE	15
XVII	SEVERANCE PAYMENT	16
XVIII	BEREAVEMENT LEAVE.....	16
X1X	TERMINATION	18
SCHEDULE "1" – WAGE RATES.....		19
EMPLOYEE GROUP INSURANCE BENEFITS		20

ARTICLE I - PURPOSE

- 1.01 The general purpose of this Agreement is to maintain the harmonious relationship between the Company and its employees and to provide an amicable method of settling any differences or grievances which may arise from time to time hereunder, and to further provide means of operating the Prescott Office in a manner which will further in all possible ways, the welfare and safety of the employees, betterment of quality of product, economy of manufacture and quantity of output, all to the mutual interest and advantage of the employees and the Company.

ARTICLE II - RECOGNITION AND COVERAGE

- 2.01 The Company agrees to recognize the Union as the sole and exclusive bargaining agent of all employees of Masterfeeds at its River Road East, Prescott Office in the Township of Edwardsburg, save and except students hired for vacation relief, supervisors, persons above the rank of supervisor, salesmen and those covered by other certification orders.
- 2.02 All employees who have completed thirty days' service shall, as a condition of employment, authorize and maintain the deduction of union dues. Such dues deduction shall be limited to the monthly amount that is uniformly prescribed for all members of the Union and shall not include entrance or initiation fee, or other assessment.
- 2.03 The Company acknowledges the right of the Union to appoint or otherwise select a negotiating committee, of not more than one employee, to deal with matters, which properly arise from time to time in connection with the renewal or modification of the Agreement. Each member of the negotiating committee shall have at least one year's service at the Prescott Office.
- 2.04 The Company acknowledges the right of the Union to appoint or otherwise select a union steward to deal with grievances of employees. Such union steward shall have at least one year's service at the Prescott office. It is understood that the steward will not leave her assigned duties, for the purpose of servicing grievances, without first

obtaining permission from her supervisor and that such employees will not absent themselves from their duties unreasonably. On this express understanding, the Company agrees that the steward will not lose pay for time spent servicing grievances during their regular working hours.

- 2.05 Supervisory personnel will not, under normal conditions perform work customarily carried out by members of the bargaining unit except in the training of employees, testing of equipment, developing of methods or standards, emergencies, assisting to overcome operating difficulties, and in recognized cases where it is the present and long standing practice to perform production work.

ARTICLE III - RESERVATION OF MANAGEMENT FUNCTIONS

3.01 The Union acknowledges that it is the exclusive function of the Company to:

- (a) maintain order, discipline and efficiency;
- (b) hire, retire, discharge, classify, transfer, assign, direct, promote, demote, lay-off and suspend or otherwise discipline employees for just cause, subject to the provisions of this Agreement, and;
- (c) generally to manage the industrial enterprise in which the Company is engaged, and without restricting the generality of the foregoing, the kinds and locations of equipment, machines and tools to be used, the allocation and number of employees required by the Company from time to time.

3.02 All the functions, powers and authorities, which the Company has not specifically abridged, delegated or modified by the Agreement, will be recognized as being retained by the Company.

ARTICLE IV - TEMPORARY TRANSFER

4.01 An employee temporarily assigned to a higher rated job for a period of one full day or more, shall be paid at the higher rate but, an employee temporarily assigned to a job paying a lower rate will continue to receive his regular rate. Temporary assignments

should not be confused with regular transfers or promotions, or with job changes caused by a lay-off.

4.02 Plant seniority and office seniority shall be separate in all respects.

ARTICLE V - HOURS OF WORK AND OVERTIME

5.01 The standard workweek shall be thirty-seven and a half hours, and the standard workday shall be seven and a half hours. The Company does not guarantee to provide work for any employee for normally assigned hours or for any other hours. The Company will pay for hours worked except where otherwise stated in the Agreement. The Company will attempt to provide reasonable notice whenever possible, of a change to existing hours of work.

5.02 Authorized work performed, in excess of the standard work day or the standard work week, shall be paid at the premium rate of time and one-half the employee's regular straight time rate of pay or, with the agreement of the Company, time may be taken off from regular work hours at a mutually agreed time.

5.03 The normally assigned hours of work shall be seven and one half hours scheduled between 7:00 a.m. and 5.30 p.m. with one hour unpaid lunch break.

5.04 Time and one-half the straight time rate shall be paid for work performed on Saturday and double the straight time rate shall be paid for work performed on Sunday.

5.05 An employee who is required to work a minimum of two hours' overtime continuous with his regular shift shall be paid a \$6.00 meal allowance. An additional meal allowance will be paid to such employee in the event he is required to work a minimum of seven hours' overtime continuous with his regular shift.

5.06 The Company will schedule for each employee, a break period of ten minutes during the middle of the first half and a second break period of ten minutes during the middle of the second half of each regular shift.

- 5.07 An employee called in to perform work not continuous with his regular work period (i.e. left and called back early or called in early on an emergency unscheduled basis), shall be paid a minimum of four hours' pay at time and one-half his regular straight time rate. In no event will there be a duplication with the overtime provisions of the Collective Agreement.
- 5.08 It is understood that, except in cases of emergency, overtime will be distributed as equally as is reasonable amongst those employees who are qualified and normally perform the work. The Company will approach such employees on a voluntary basis but, in the event that sufficient volunteers are not available, the Company shall detail the qualified junior employees to perform the required overtime work. If no qualified employee is available, the supervisor will perform the work. An employee who declines overtime will be charged with the number of hours of work that were offered to him for purposes of overtime distribution. The Company will keep track of and post a list of overtime hours worked on a quarterly basis.

ARTICLE VI - PLANT HOLIDAYS

- 6.01 Employees with thirty days' service or more shall be paid for New Year's Day, Good Friday, Victoria Day, Dominion Day, Civic Holiday, Labour Day, Thanksgiving Day, Christmas Day and Boxing Day for the standard number of hours which would have otherwise been worked by them respectively at the employee's regular straight time rate of pay provided, however, the employee works not less than twelve days during the thirty calendar days immediately preceding the holiday.
- 6.02 If one of the above designated holidays falls during an employee's vacation period, the employee will be granted another day off with pay, at a mutually convenient time.
- 6.03 An employee required to work on any of the above designated plant holidays will receive time and one-half his regular straight time rate for work performed, in addition to any plant holiday pay to which he may be entitled under Paragraph 6.01 or the employee has the option of advising the Company in advance of working the plant holiday of his desire to be paid time and one-half his regular straight time rate for work performed and receive the plant holiday as a floater at a later date (within the

next six months) and be paid straight time for that day in lieu of the plant holiday pay defined in 6.01.

- 6.04 Subject to the requirements of Paragraph 6.01, employees will be paid for four individual "floater" holidays. These holidays may be taken anytime during the year but not normally during busy periods or consecutive with the employee's annual vacation. The employee will give one week's notice of the holiday he wishes to take, and the day selected will be at the mutual convenience of the Company and the employee. It is understood no more than one employee will take the same holiday.
- 6.05 When a plant holiday(s) falls on a weekend, the holiday will be observed on the Friday preceding or the Monday following.

ARTICLE VII - VACATIONS WITH PAY

- 7.01 This Agreement acknowledges that the Company has the right to schedule vacations at any time during the year. However, a sincere effort will be made to grant vacations at the time wanted by the employee, giving longer service employees preference.
- 7.02 A notice will be posted on February 1st of the current calendar year requesting employees to state their choice of vacation dates. Such notice will be removed by the Company on April 30 and the vacation schedule prepared in accordance with the provisions of this Article and posted within seven days. Requests to re-schedule vacations after that date will be considered by the Company, provided the re-scheduling does not interfere with the vacations of other employees or with the efficient operation of the office. It is understood that subject to maintaining the efficient operation of the office, eligible employees will be given the opportunity to schedule two weeks' vacation during the July - August period.
- 7.03 An employee with six months or more, but less than one year of service by July 1st of the current year, shall be entitled to one week of vacation. Pay for such vacation shall be 4% of the employee's earnings for his period of employment, up to June 30th of the current year.

- 7.04 An employee with one year or more, but less than five years' service by July 1st of the current year, shall be entitled to two weeks' vacation. Pay for such vacation shall be 4% of the employee's earnings for the twelve-month period ending June 30th of the current year.
- 7.05 An employee who has completed five years' service or more, but less than ten years' service by July 1st of the current year, shall be entitled to three weeks' vacation. Pay for such vacation shall be 6% of the employee's earnings for the twelve-month period ending June 30th of the current year.
- 7.06 An employee who has completed ten years' service or more, but less than eighteen years' by July 1st of the current year, shall be entitled to four weeks' vacation. Pay for such vacation shall be 8% of the employee's earnings for the twelve-month period ending June 30th of the current year.
- 7.07 An employee with eighteen years' service or more, but less than twenty-six years' by July 1st of the current year, shall be entitled to five weeks' vacation. Pay for such vacation shall be 10% of the employee's earnings for the twelve-month period ending June 30th of the current year.
- 7.08 An employee with twenty-six years' service or more by July 1st of the current year, shall be entitled to six weeks' vacation. Pay for such vacation shall be 12% of the employee's earnings for the twelve-month period ending June 30th of the current year.
- 7.09 An employee with one or more years of service by July 1st of the current year, will be entitled to vacation pay as described in Paragraphs 7.04, 7.05, 7.06, 7.07 or 7.08, except that if the employee has worked 1,600 hours or more during the vacation year, his vacation pay will not be less than forty hours' pay at his basic straight time rate for each week of vacation entitlement. In the case of an employee who works less than 1,600 hours during the vacation year, his vacation pay will be calculated at the ratio that his hours worked bear to 1,600.
- 7.10 When the vacation is scheduled prior to July 1st, vacation pay in such instances shall be computed at the appropriate percentage up to one week, prior to the vacation

period. The employee concerned shall be paid the balance of his vacation pay promptly after July 1st.

- 7.11 An employee who voluntarily quits or leaves his employment for other reason, will receive vacation pay in accordance with the Canada Labour (Standards) Code.

ARTICLE VIII - GRIEVANCE PROCEDURE

8.01 It is the mutual desire of the parties hereto that complaints of employees shall be adjusted as quickly as possible, and it is generally understood that an employee has no grievance until he has first given to his supervisor an opportunity to adjust his complaint, and that such complaint shall be registered as soon as possible, but not later than ten days after the alleged circumstances coming to the knowledge of the employee.

8.02 If an employee has an unsettled complaint, it may be taken up as a grievance within five full working days in the following manner and sequence:

Step No. 1 Between the aggrieved employee who may be accompanied by the Union Steward, who shall be an employee of the Company, and the Local Manager, at which time a written record of the grievance shall be submitted and signed by the employee. The supervisor shall give his reply in writing not later than five (5) full working days following receipt of the grievance. Failing settlement, then:

Step No. 2 Within five (5) days, the aggrieved, if he so chooses, will notify the Company of intent to proceed to Step 2. After receipt of the written notice a meeting will be arranged (if mutually agreed, the meeting can be waived) between the aggrieved employee, an accredited representative of the Union, and the Local Manager or another representative of the Company. The Company shall reply in writing within five (5) full working days following the grievance meeting. If the grievance is not satisfactorily resolved at Step No. 2— including any question as to whether a matter is arbitrable, the grievance may

be referred to arbitration as provided in Article IX by notice in writing to the Company after the Company's reply at Step No. 2. If no written request for arbitration is received within fourteen (14) days after the decision in Step No. 2 is given, it shall be deemed to have been settled or abandoned.

- 8.03 Saturdays, Sundays and plant holidays will not be counted in determining the time within which any action is to be taken or completed in each of the steps of the Grievance Procedure or under Article IX. Any and all time limits fixed by this Article and Article IX may at any time be extended by agreement between the Company and the Union.
- 8.04 All decisions arrived at between the representatives of the Company and the Union shall be final and binding upon the Company, the Union and the employee or employees concerned.
- 8.05 The Union or the Employer may file a policy grievance in appropriate circumstances. A policy grievance is defined as a difference concerning the interpretation, application, and administration of this Agreement. A policy grievance or a discharge grievance shall be initiated in writing at Step No. 2 of the grievance procedure within five (5) full working days of notice of the act causing the grievance.

ARTICLE IX - ARBITRATION

- 9.01 When either party submits a grievance to arbitration, as provided in Article VIII, written notice shall be given to the other party formally, stating the subject of the grievance and the Agreement clause allegedly violated, and at the same time nominating an arbitrator. If the recipient of the notice does not agree with the nomination, the parties will meet forthwith and attempt to select an alternative. If the parties fail to agree on the selection of an arbitrator, the Federal Minister of Labour will be requested to make the appointment.
- 9.02 As soon as the arbitrator is appointed, he shall convene a meeting to hear the evidence and representations of both parties, and shall render a decision as soon as possible.

- 9.03 No person shall be selected as an arbitrator who has been directly involved in attempts to negotiate or settle the grievance.
- 9.04 No grievance shall be considered by the arbitrator unless it has been properly carried through all previous steps of the grievance procedure, except where otherwise noted.
- 9.05 The arbitrator shall not have jurisdiction to alter or change any of the provisions of this Agreement, or to substitute any new provisions in lieu thereof, or to give any decision inconsistent with the terms and provisions of this Agreement, or to deal with any matter not covered by this Agreement.
- 9.06 The fees and expenses of the arbitrator shall be paid one-half by the Company and one-half by the Union.
- 9.07 It is understood that the Company may bring forward at any meeting held with the Union, any complaint or grievance with respect to the conduct of the officers, committeemen, employees generally, or any matter concerning this Agreement, and if such complaint or grievance is not settled to the mutual satisfaction of the conferring parties, it may be referred to arbitration as provided in Article IX.

ARTICLE X - NON-INTERRUPTION OF WORK

- 10.01 The Company agrees that there will be no lock-out during the term of this Agreement.
- 10.02 The Union agrees that during the term of this Agreement, there will be no strike, slowdown, sitdown or other stoppage of work or interference with the operation and the Union will hold its members to this responsibility.
- 10.03 The Union recognizes that in order to provide maximum opportunities for continuing employment, the Company must operate efficiently in order to be in a strong market position.

ARTICLE XI - SENIORITY

11.01 A new employee will be on probation and will not be placed on the seniority list until he has worked for a total of total of forty-five (45) days, accumulated in a period of six consecutive months. This forty-five days (45) may be extended by mutual agreement between the parties. The termination of employment of an employee who has not acquired seniority shall not be the subject of a grievance.

11.02 Casual Employees: Employees hired on a short-term basis to replace regular employees absent by reasons of vacations, illness, or injury will be classified as casual employees.

Casual employees will not accumulate seniority or service time with the Company for the purpose of Article XI of the Collective Agreement. Upon expiry of the work term, they shall be terminated.

The Company will advise the Union of the name(s) of any casual employee it hires and the name of the regular employee the casual employee is replacing.

It is agreed that no casual employee will be hired if there is a regular employee on lay-off.

11.03 An employee's seniority date shall be his last date of employment with the Company since which there has been no quit or discharge to break his continuous service.

11.04 A seniority list showing each employee's seniority date will be prepared by the Company and posted every six months. A copy shall be provided to the President of the Union local. An employee who believes his seniority is incorrectly shown may take the matter up as a grievance.

11.05 An employee shall lose all seniority and his name removed from the employment records of the Company when:

- (a) he quits;
- (b) he is discharged and not reinstated under the grievance procedure;

- (c) he is laid off for an extended period or fails to return from lay-off in accordance with the provisions of paragraph 12.04;
- (d) he fails to return to work upon completion of a leave of absence as provided in Article XVI.

ARTICLE XII - LAY-OFF AND RECALL

- 12.01 When it becomes necessary to reduce the working force of employees, seniority will become a guiding factor so long as it does not prevent the Company from maintaining a working force of employees who possess the skill, experience, ability and physical fitness to capably perform the work which is available and are willing to do such work at the available job's regular rate.
- 12.02 The Company agrees to give employees as much notice as possible of impending lay-off.
- 12.03 Laid-off personnel will be recalled on the basis of seniority, provided those recalled possess the skill, experience, ability and physical fitness to capably perform the work that is available.
- 12.04 An employee with three or more years' seniority who is laid off for a period in excess of twenty-four months or an employee with less than three years' seniority who is laid off for twelve months, or an employee who fails to report from lay-off when recalled, will have his seniority standing cancelled and his name removed from the employment records of the company.
- 12.05 It is the responsibility of the employee to keep the Company informed, at all times, as to his current address and nearest telephone number.

ARTICLE XIII - PROMOTION AND JOB POSTING

- 13.01 In the promotion of employees to jobs with higher rates of pay within the bargaining unit, seniority shall be considered subject to skill, ability and experience.

13.02 When the Company elects to fill a permanent job vacancy that occurs within the complement of job classifications covered by this Agreement, notice of such vacancy shall be posted on the bulletin board for three working days. An employee may indicate his desire to be considered for the vacancy by adding his name to the job posting. Applicants will be considered by the Company in accordance with the provisions of paragraph 13.01. Unless extended by mutual agreement, a job vacancy is one that the Company believes will continue or one that does continue for a period of more than thirty days but does not include vacancies resulting from vacation, leave of absence, illness or injury. This period may be changed by mutual agreement between the parties where such change is reasonable.

ARTICLE XIV - WAGES

14.01 Wage rates shall be in accordance with the Schedule of Wage Rates attached hereto as Schedule I.

14.02 Employees covered by this Agreement shall be paid on Thursday of each week.

ARTICLE XV - WELFARE BENEFITS AND SAFETY

15.01 The Company agrees to pay the premium cost of the following insurance plans, subject to the conditions set forth in a letter from the Company to the Union appended to this Agreement, which shall be continued during the term of this agreement.

- Accidental Death & Dismemberment
- Weekly Indemnity
- Employee Life
- Extended Health Care (Major Medical, Prescription Drug, Semi-Private Hospital)
- Dental Insurance Plan
- Long Term Disability Insurance Plan

15.02 The Company agrees to continue to make reasonable provisions for the safety and health of its employees at the plant during the hours of employment. Effective November 1, 2003, the Company will allow a maximum of \$130.00 per pair of safety boots, provided that the worn out boots are turned in.

Safety Rubber Boots: In view of cross training, the Company will supply one (1) pair of safety rubber boots for each person and such must remain at the Plant.

15.03 The parties will maintain a joint Health and Safety Committee comprising of at least two members of the Union and one by the Company. The joint Committee will hold meetings at least every three (3) months or at the discretion of the Committee as well as conduct monthly inspections. They shall consider all aspects of occupational health and safety, make recommendations for correction and improvement of any problems or potential problems and actively pursue compliance and enforcement of rules and regulations thereto.

ARTICLE XVI - LEAVE OF ABSENCE

16.01 The Company may grant a leave of absence to any employee for legitimate personal reasons. Any employee who is absent with written permission shall not be considered to be laid off. Absence due to bona-fide sickness or accident shall be considered a legitimate reason for leave of absence.

16.02 The Company agrees to grant leave of absence for one Union officer at any one time to attend Union conferences or conventions. It is understood that it may not be possible on a given occasion to authorize such leave for any employee. Such leave will not be unreasonably withheld.

ARTICLE XVII - SEVERANCE PAYMENT

17.01 If the office is closed down and the Company is unable to offer other employment to the employees who are permanently displaced, a separation payment will be paid to each such employee on the basis of one week's pay for each complete year of service.

Three months' notice will be provided, in the event of the permanent closure of the office.

The foregoing payments are subject to the following conditions:

- (a) the employee is actively employed by the Company or is carried on the lay-off list;
- (b) employees who are off sick or receiving Workers' Compensation but continue to hold seniority, will be eligible;
- (c) no employee will be granted a severance payment totalling more than he would have earned at his straight time rate of pay from the date of his lay-off until his normal retirement date;
- (d) the closing down of the office does not result from strike, fire, explosion or government action;
- (e) the employee continues to work for the Company in a satisfactory manner for as long as his services are required.

It is understood that receipt of separation payment cancels seniority. If later rehired, no repayment of the separation payment will be required or allowed and no seniority cancelled as a result of the separation payment will be reinstated.

ARTICLE XVIII - BEREAVEMENT LEAVE

18.01 a) In the event of the death of an immediate relative, a leave of absence of up to three** consecutive working days will be granted the bereaved employee for the purpose of attending and where necessary, making arrangements for the funeral. Such employee shall be paid his straight time basic rate, excluding shift or other premium for the scheduled hours he otherwise would have worked during such leave. "Immediate relative" shall

mean an employee's mother, father, spouse, son, daughter, brother, sister, mother-in-law, father-in-law, grand-parents, grandchildren, brother-in-law, sister-in-law, son-in-law or daughter-in-law. "Employee" shall mean a regular full-time employee of the Company.

** Five days for spouse or child, mother and father.

- b) In the event of the death of an employee's spouse's grandparents, one day's leave with pay will be granted for the purpose of attending the funeral.
- c) In the event that a death occurs and a bereavement leave is taken while an employee is on vacation, the vacation days that were scheduled to be taken for the same period of time will be re-scheduled and taken at a later date with pay*. (*Note: if the vacation monies have already been paid, the applicable bereavement pay will be applied).

18.02 Jury Duty

When an employee is called by the Crown for jury duty or as a subpoenaed witness and must as a result lose time from work, the Company agrees to pay such employee the difference between the fee received from the Crown and the employee's straight time basic rate, excluding shift or other premium, for the scheduled hours he otherwise would have worked.

ARTICLE XIX - TERMINATION

19.01 This Agreement shall continue in effect from November 1, 2004 to October 31, 2006 and shall continue automatically thereafter during annual periods of one year each, unless either party notifies the other in writing within ninety days prior to the annual expiration date that it desires to amend or terminate this Agreement.

19.02 If, pursuant to such negotiations, agreement on the renewal or amendment of this Agreement is not reached prior to the current expiration date, this Agreement shall be automatically extended until consummation of a new Agreement under the Canada Labour Code, whichever should first occur.

Communications, Energy &
Paperworkers Union of Canada, Local 1-0
per:

Masterfeeds Inc.
per:

Dated at Prescott, Ontario this _____ day of _____, 2005.

SCHEDULE I

SCHEDULE OF WAGE RATES

	Effective <u>Nov. 1/04</u>	Effective <u>Nov. 1/05</u>
Order Desk/Procurement	19.45	19.89
Clerk	19.45	19.89

Casual/Student/New Employee
Probationary Rate

Such an employee may, at the discretion of the Company, be paid a starting rate up to \$2.00 per hour below the regular rate for the job. Where a probationary rate is in effect, it shall cease upon completion of the probationary period.

Communications, Energy &
Paperworkers Union of
Canada, Local 1-0
per:

Masterfeeds Inc.

per:

Dated at Prescott, Ontario this _____ day of _____, 2005.

June 1, 2005

Negotiating Committee,
Local 1-0
Communications, Energy and Paperworkers
Union of Canada
Prescott, Ontario

Employee Group Insurance Benefits [Employee Health and Welfare Insurance Benefits]

Whereas Article 15.01 of the Collective Bargaining Agreement sets out the following:

The Company agrees to pay the premium costs of the following insurance plans, subject to the conditions set forth in a letter from the Company to the Union appended to this Agreement, which shall be continued during the term of this Agreement.

- Accidental Death and Dismemberment
- Weekly Indemnity
- Employee Life
- Extended Health Care (Major Medical, Prescription Drug, Semi-Private Hospital)
- Dental
- Long Term Disability

This document is the letter outlined in Article 15.01.

The Company will pay the premium cost of the Group Insurance Benefits adjudicated and underwritten (and/or administered) by the insurer of its choice (presently the Great-West Life Assurance Company) for employees who have completed their probationary period and otherwise have fulfilled the eligibility requirements of the insurer. With respect to the probationary period, benefits will be effective on the first day of the month following the date the probationary period ends.

Weekly Indemnity Coverage

Effective March 1, 2002, the weekly benefit will be sixty-six and two thirds percent (66 2/3%) of the employee's weekly basic earnings excluding overtime or other premiums to a maximum of \$440 ** per week for those actively at work on the date of ratification. (** The \$440 maximum will increase to \$450 on November 1, 2002 and further increase to \$460 on November 1, 2003.)

An insured employee if disabled, subject to adjudication by the insurer, will be eligible for benefits from the first day of absence due to a non-occupational accident, from the fourth day where the absence is due to a bona fide sickness, and from the first day for hospitalization. The benefit will be payable for a maximum of twenty-six weeks.

Employee Life & Accidental Death and Dismemberment Coverage

Effective November 1, 2004, the Company will pay the premium cost for Employee Life Coverage in the amount of \$34,000 for active employees actively at work at the time. Effective November 1, 2005, the \$34,000 will be increased to \$35,000 for active employees actively at work at the time. The Company will pay the premium cost for the same amount of Accidental Death & Dismemberment coverage. Note exception: Current members of the Office Bargaining Unit (June 30/86) will have their Group Life coverage and AD&D frozen at the present levels and premiums where those levels are higher than the current coverages provided by the contract.

Extended Health Care Coverage

The Company will pay the premium cost of the Major Medical coverage with a deductible of \$25 single / \$50 family per calendar year and a Prescription Drug Plan with a deductible of \$10 single / \$20 family per calendar year. Effective June 1, 1999, the booklet will read: Maximum \$25,000 per covered person in a period of three (3) consecutive calendar years.

Effective November 1, 2002, increase the maximum benefit for **Orthotics** from \$200 to \$250 per calendar year for employees actively at work at the time.

Effective March 1, 2002, the Company will pay the premium cost of a **Semi-Private Hospital** plan with a maximum daily benefit of \$130. Effective June 1, 2005, the maximum daily benefit will be increased to \$150.

Effective November 1, 2005, the **vision care** benefit will be increased to \$135 per covered person per 24-month period.

Dental Coverage

The Company will pay the premium cost of a Dental Coverage plan. Effective June 1, 2005, the ODA schedule will be improved to 2004 for employees actively at work at that time.

Effective May 1, 2002, the annual maximum for basic services pursuant to the policy will be increased from \$1,000 per covered person to \$1,250 per covered person.

Long Term Disability Coverage

Effective November 1, 1995, the Company will pay the premium cost of a Long Term Disability Insurance Plan with a disability benefit of fifty-five percent (55%) of basic earnings, excluding overtime or other premium to a maximum of \$1,500 per month. Effective March 1, 2002, the \$1,500 maximum will be increased to \$1,700 per month for those actively at work at the time. Effective November 1, 2005, the \$1700 maximum will be increased to \$1,800 per month for those actively at work at that time. No benefits are payable for the first twenty-six weeks of disability. Canada Pension Plan, Workplace Safety and Insurance Act, and other legislated benefits shall be integrated with the long-term disability benefit.

It is understood that payment by the Company is in lieu of any employee entitlement to a future premium reduction under the Employment Insurance Act.

It is further understood that payment by the Company of group Accidental Death and Dismemberment, Weekly Indemnity, Employee Life, Extended Health Care, Dental Care and Long Term Disability benefit premiums, as described above, is conditional upon the employee performing work for the Company during the month in which the premiums fall due. Subject to the agreement of the group insurance company, benefit premiums will be paid by the Company for three months after the month the eligible employee last worked if their absence is due to accident or illness. If the insurer will not allow the 3-month extension, the Company will pay premiums for the longest period of time allowable by the group insurer to a maximum of three months.

The Company may elect, at some future date, to transfer the underwriting and administration of one or more of these benefit plans to another insurance carrier, with the understanding that in this event, the benefits that will be provided by the new carrier will be substantially similar to those in effect at this date.

Would you please indicate the Union's concurrence with this understanding by countersigning the duplicate copy of this letter and return it to the Company.

Yours truly,

Masterfeeds Inc.

Countersigned for Local 1-0
Communications, Energy and
Paperworkers Union of Canada
