

COLLECTIVE AGREEMENT

Between

LALLY BROTHERS HOLDINGS LTD.

(hereinafter referred to as the "Company")

AND

**THE NATIONAL AUTOMOBILE, AEROSPACE,
TRANSPORTATION AND GENERAL WORKERS
UNION (VCTA - CAW - CANADA) Local 2006**

(hereinafter referred to as the "Union")



January 1, 2006 to December 31, 2008

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DEFINITIONS:

- i) Where the term “owner operator” is used in this collective agreement, it shall mean an owner operator engaged by the Company and shall meet the definition of dependent contractor within the appropriate Labour Code, either federal or provincial.
- ii) Where the term “Employee” is used in this collective agreement, it shall mean an employee driver engaged by the Company driving a Company owned vehicle and shall meet the definition of employee within the appropriate Labour Code, either federal or provincial.

ARTICLE 1 - UNION RECOGNITION

1.01 Bargaining Recognition

The Company recognizes the Union as the sole collective bargaining agent for the Owner Operators and Employees covered by this agreement. Subject to Article 2.01, The Union shall be recognized by the Company in discussing any and all matters affecting the relationship between the Company and the Owner Operators and Employees who are members of the Union and are affected by this agreement

The Union will advise the Company of the names of Union representatives in writing who have authority to act on behalf of the Union.

1.02 Leave of Absence

The Company shall grant a leave of absence without pay to an Owner Operator and Employee who attends essential Union business, to a maximum of two persons at any one time. The Union will give a minimum of fifteen (15) days notice of such request.

1.03 Notice Board

The Company agrees to provide a Notice Board of a suitable size at each of its locations for the use by the Union for posting matters relating to Union meetings and other Union matters.

1.04 Union Membership

It is hereby agreed that all Owner Operators and Employees shall become members of the Union and shall as a condition of their business agreement or employment become and remain members of the Union.

1.05 Dues Deduction

- (a) The Company agrees to deduct from the pay of each Owner Operator and Employee, who is a member of the Union, or covered by this Collective Agreement, an amount of union dues or their equivalent, as specified by the Financial Secretary of the Local Union and forward the full amount so deducted to the Local Union. The monthly dues remittance shall be accompanied by a list of Owner Operators and Employees on the payroll for the pay period in which the deductions were made. A copy of said list only will be forwarded to the VCTA CAW Local 2006 office with the accompanying dues remittances.
- (b) The Company shall show the amount of Union dues deducted from the Owner Operators and Employees pay statement on a monthly basis.

1.06 Union Label

It shall not be a violation of this Agreement for an Owner Operator and/or Employees to post the VCTA - CAW-Canada Union label in a conspicuous place in the cab of the vehicle or equipment he/she is operating. The positioning of the label shall be in accordance with Company policy. The standard position shall be the driver's side no-draught window.

1.07 Union Membership

It shall be the responsibility of the Company, when contracting a new Owner Operator, or hiring a new Employee, to have him/her sign a Union membership card and forward it to the local Union office.

- (a) Also, at time of contracting or hiring, the Owner Operator and Employees shall be handed a copy of the present Collective Agreement.
- (b) Should an Owner Operator and/or Employees discontinue service with the Company, the Local Union Office is to be notified within 72 hours of issuing his/her final cheque.

1.09 Distribution of this Agreement

The Company and Union shall share in the cost of the printing of this Collective Agreement at a Unionized Printer and shall provide a copy to each Owner Operator and Employee, and an equal number of copies to the Local Union.

ARTICLE 2 - MANAGEMENT RIGHTS

2.01 Management Rights

The Union acknowledges that the Company has the sole and exclusive right to supervise, manage and control the Company's operations, except as expressly limited in writing by this agreement. Without limiting the generality of the foregoing, this includes the right to hire owner operators and employees, schedule and direct, discipline and lay-off owner operators and employees. The Company also has the right to determine the number and classification of employees and owner operators required and the right to determine their ability to meet the qualifications of those positions.

2.02 Right to Grieve

The above clauses shall not deprive Owner Operators and Employees of the right to exercise the grievance procedures as outlined in this Agreement.

2.03 No Strike No Lockout

During the term of this Agreement, there shall be no lock-out by the Company, nor any strike, work stoppage or orchestrated work disruption by the Owner Operators and Employees.

ARTICLE 3 - GRIEVANCE PROCEDURE

3.01 Intent

It is the intention of the parties that this procedure shall provide an expedited, just method of adjusting complaints and the parties agree to act in good faith in settlement of complaints in accordance with the provisions of this article.

3.02 Grievance Defined

Any complaint, disagreement, or difference of opinion between the Company and the Union or the Owner Operators and Employees covered by this agreement which concerns the application or interpretation of the terms and provisions of this agreement, shall be considered a grievance.

3.03 Grievance Initiation

Any Owner Operator and Employee, the Union, or the Company may present a grievance at Step 1. Any grievance which is not presented within five (5) working days following the event giving rise to such complaint shall be forfeited and waived by the aggrieved parties.

A grievance concerning the dismissal of an Owner Operator and/or Employee may be progressed commencing with Step 2 of the grievance procedure within seven (7) calendar days of the date the Owner Operator/Employee was dismissed.

3.04 Grievance Procedure

An Owner Operator or Employee having a complaint is encouraged to orally discuss the matter with a supervisor. Failing satisfactory resolution:

Step 1: The Owner Operator and/or Employee and/or the Shop Steward shall submit his/her grievance in writing to the immediate supervisor, who shall give a reply in writing within twenty-four (24) hours.

Step 2: Failing settlement at Step 1, and within forty-eight (48) hours of receiving a supervisor's response, a written complaint may be filed by the Steward with the Company's Manager or designate, who shall respond in writing within forty-eight (48) hours.

Where the parties are unable to resolve the grievance, the Union may submit the grievance to arbitration within five (5) days of receiving, or should have received the Company's written response.

3.05 Time Limits

The time limitations prescribed in this Article may be extended, but only by mutual consent of the parties in writing.

3.06 Technical Error

Where a technical error has been made in filing a grievance, through improperly citing the article alleged to have been violated, an arbitration board shall have the power to allow for the amendment of the grievance, determine the substance of the matter in dispute and render a decision.

3.07 Union Representation

An Owner Operator or Employee will be given the opportunity to have a Steward present before a Supervisor issues discipline.

3.08 Required Meetings

An Owner Operator and/or Employee who is required to attend a meeting at the Company's request shall be not result in a loss in regular earnings.

3.09 Personal Files

Any Owner Operator and Employee shall be allowed to inspect his/her own personal file in the presence of the Company, during normal business hours. Any officer of the Union, acting on behalf of the Owner Operator and/or Employee, may inspect the Owner Operator's and Employee file, with the written authorization from the Owner Operator and/or Employee.

Any reprimand notices or corrective action measures will remain on the Owner Operator's and Employee(s) files for one year from the date of notice or reprimand, unless there is a re-occurrence of the same or similar infraction. At the completion of the one year period, the reprimand or corrective action notice will be removed from the file. If a repeat infraction occurs within the one year period, the original and subsequent notices or reprimands will remain on the file for a further year from the date of the most recent notice or reprimand.

Reprimand notices and disciplinary measures resulting from a violation of a criminal or civil nature, including driving record, will remain part of the Owner Operator's and/or Employee file indefinitely.

Whenever an Owner Operator and/or Employee signs a document pertaining to discipline, he/she does so only to acknowledge that he/she has been notified accordingly.

3.10 Payment of Grievance Settlements

All monetary complaints that are mutually agreed upon shall be paid the following pay period, either by separate cheque or, in the alternative, the Owner Operator's and/or Employee's regular cheque shall be accompanied by a written statement outlining the amount and the complaint settlement involved.

The Company agrees further that a successful grievance concerning lost compensation shall be paid out on the next pay period.

ARTICLE 4 - ARBITRATION

4.01 Failure of Grievance Procedure

Failing a satisfactory settlement of a grievance pursuant to the Grievance Procedure as set out in Article 3, either party may request that the matter be referred to either a single arbitrator or by mutual agreement; the matter may be referred to the Canadian Joint Grievance Panel. Such request must be made in writing, within 5 calendar days of receiving the response at Step Two of the Grievance Procedure.

4.02 Single Arbitrator

A board of arbitration shall consist of a mutually agreed to single arbitrator who will accept appointment within five (5) days of notification and be available to commence the hearing within 21 days of acceptance. If other companies are to be involved in the hearing, then by mutual agreement, the date on which the hearing commences may be changed.

4.03 Failure to Agree to an Arbitrator

If the parties fail to agree upon an arbitrator within five (5) days (excluding weekends and general holidays), the Minister of Labour will be requested to appoint an arbitrator.

4.04 Arbitral Procedures

The arbitrator shall receive and consider material evidence and argument as the parties may offer, and where agreed to, may make independent investigations as it deems necessary. The arbitrator shall be governed by the provisions of this agreement and is not vested with the power to change, modify or alter the terms of the collective agreement.

4.05 Binding Decision

The arbitrator will be requested to issue his/her binding decision within five (5) days of the conclusion of the hearing. Such decision is enforceable on the parties to the arbitration but will not be precedent setting to other companies covered by the same collective agreement unless such understanding is reached prior to the arbitration hearing commencing.

4.06 Canadian Joint Grievance Panel

When the parties mutually agree to refer a grievance to the Canadian Joint Grievance Panel, the decision of the Panel shall be final and binding but without precedent on other companies. If the Panel is unable to reach a decision, the grievance shall be referred back to arbitration under Article 4.01

4.07 Expenses to be Shared

The expense of the arbitrator and the Canadian Joint Grievance Panel will be borne equally by the Company and the Union.

ARTICLE 5 - SENIORITY

5.01 Seniority Defined

- (a) Seniority for Employees is from the date the employee commences working for the Company.
- (b) Seniority for Owner Operators is from the date the owner operator commences driving with the Company.
- (c) Owner Operators and Employees will be placed on a common seniority list in accordance with their seniority and where practical, will be assigned work based on their position on that list.
- (d) The Owner Operator or Employee will maintain their position on the seniority list if they transfer from one category to the other.

5.02 New Additions to the Seniority List

A departing Owner Operator on the seniority list will be replaced with an Owner Operator and a departing Employee will be replaced with an Employee. All new Owner Operators or new Employees will take the lowest position on the seniority list.

The Parties agree that all Owner Operators shall be subject to a 60 working day probation period.

5.03 Replacement Drivers for Owner Operators

An Owner Operator may hire a replacement driver at his/her own cost for a short term on the following conditions:

- (a) The replacement is needed because of holiday relief, sickness, jury duty, coroners report or an emergency situation.
- (b) The Owner Operator assumes all liability for insurance and Workers' Compensation for any person operating their vehicle.
- (c) The Owner Operator has received the Company's approval of the replacement driver.
- (d) Other circumstances will be given reasonable consideration on a case by case basis.

5.04 Seniority List

- (a) Seniority lists will be renewed every three (3) months with copies to be attached to the members pay statements and the VCTA-CAW Local 2006 office.
- (b) Protests in regard to seniority status must be submitted to the Company and Union representative in writing within 21 calendar days of the seniority list being posted.
- (c) Owner Operators and/or Employees hired on the same day will be placed on the seniority list in alphabetical order.

5.05 Weekend Work

Work for drivers on weekends will be offered on the basis of seniority. If the Company requires more drivers than those who volunteer, the work will be assigned on the basis of the least senior drivers on the combined seniority list.

Owner Operators shall be paid a minimum of \$300.00 for a callout for the 6th and/or 7th day worked which shall cover the first 4 hours of time spent working.

5.06 Leave of Absence

An Owner Operator or an Employee may request a leave of absence by submitting the request to the Company in writing with reasons for the request. The Company agrees to make every effort to accommodate the request on the understanding that where 10% per cent of the work force is off work during the same time period, including long term absences due to illness or injury, such request may not be granted.

ARTICLE 6 – SAFETY

6.01 Canada Labour Code

The Company shall apply the provisions of Part II of the Canada Labour Code and any other applicable regulations. These regulations shall be considered to be the minimum acceptable standard.

6.02 Wash Rooms

Wherever possible and reasonable, the Company agrees to maintain at its terminals, clean sanitary washrooms having hot and cold running water, toilet paper and hand towels with toilet facilities available to terminal and shop Owner Operators Hourly paid Employees. Where changing rooms are provided they shall be kept clean and sanitary.

6.03 WHMIS

The Company agrees that all WHMIS standards will be followed for the purpose of protecting Owner Operators and employees from any exposure to hazardous substances or human blood.

ARTICLE 7 - HUMAN RIGHTS AND HARASSMENT

7.01 Discrimination/Harassment Prohibited

The Company and the Union agree that discrimination and/or harassment of any Employee or Owner Operator because of colour, national origin, religion, age, marital status, sexual orientation, or disability is absolutely prohibited. Every Employee and Owner Operator has the right to work in an environment of mutual respect, free from discrimination and harassment including sexual harassment. Action contravening this policy will constitute grounds for discipline.

ARTICLE 8 - TRAINING

8.01 Training Programs

When Owner Operators and Employees are required by the Company to attend training programs or mandatory meetings, the Owner Operator or Employee will be paid the regular amount of compensation that he/she would have earned if held during their normal work day or 1.5 times the regular amount of compensation he/she would have earned for training hours or mandatory meetings in excess of their normal working day. If a relief driver is used, the Company will pay for the relief driver.

Training sessions or meetings on a Saturday or Sunday where attendance is mandatory, an Owner Operator shall be paid at no less than 4 hours at the hourly rate for Employees as set out in Appendix "A" as set out in this agreement, at time and one-half (150%) of the regular rate of pay.

ARTICLE 9 – EQUIPMENT

9.01 Painting of Vehicle

- (a) In the event the Company for any reason, decides to change the Company colours or require an Owner Operator to paint his/her vehicle, the Company shall bear the full cost of prep work, body work and repainting all of the Owner Operators' vehicles where required.

- (b) Body work for purposes of this article will be defined as any damage repair to the vehicle body, fenders, bumpers, doors, roofs, vehicle floors, chassis, etc.
- (c) Prep work for the purposes of this article will be defined as the required sanding and preparation of the vehicle parts to be painted.
- (d) Prep work for linehaul tractors shall include removal and installation of exterior parts and door jams if required.
- (e) The Union acknowledges that the Company may deem to the determination that a particular truck is an eye sore and detrimental to the image of the Company. Where this occurs, the Company may require an Owner Operator to correct or repair, to the point of painting his/her truck at the expense of the Owner Operator. The parties agree that where there is a dispute with respect to the application of the term eye sore, the Owner Operator may file a grievance and have the matter resolved vis a vis the grievance procedure.

ARTICLE 10 - MISCELLANEOUS

10.01 Payroll Error

If an error occurs in the payroll computation of an Owner Operator's compensation cheque or an Employee's pay cheque, and the amount is equal to one (1) day's compensation or pay or more, he/she shall be entitled, on request, to receive same as soon as practical but not later than three (3) working days after the error was reported; and if the Owner Operator or Employee is overpaid then he/she shall return said cheque or the overpaid amount within three (3) working days.

10.02 Dues Receipts

The Company agrees to distribute all Owner Operator union dues receipts when provided by the Union.

10.03 First Aid Course

Any Owner Operator or Employee who attends a first aid course at the request of the company shall have the course paid for and shall suffer no loss of compensation or wages for attending any such course.

10.04 National Safety Code

No Employee or Owner Operator shall be allowed to work beyond the restrictions as set out in the National Safety Code. Equally, Employees and Owner

Operators understand and must conform to the National Safety Code as the minimum standard and practice.

10.05 Log Books

It shall be the responsibility of the Employee or Owner Operator to maintain a set of log books of driving hours for the purposes of inspection by Transport Canada Inspectors when requested to do so.

ARTICLE 11 – MONETARY

11.01 Radios

Owner Operators will be responsible to ensure their truck is equipped with a radio. The Company agrees to pay the monthly airtime charges and fees for the radio.

11.02 Additional Work on Same Day Call Out

Where an Owner Operator completes his/her shift and is subsequently requested to return to work, the minimum pay for such a call out will be \$200.

11.03 Minimum Pay on Daily Call Out

Owner Operators shall receive a minimum of \$200 for any day in which he/she is called out to work.

11.04 Damaged Cans

It is understood the driver has the duty to check a container while at the dock. If the container is found to be damaged the company agrees to make every effort to collect a payment of up to \$50 from the shipping lines to the driver.

The parties agree to be bound to the pending clarification award due to be handed down by Arbitrator Vince Ready early in 2006, with respect to Damaged Cans, after which such clarifications shall be deemed to be part of this collective agreement.

11.05 Spotting the Load With Open Doors

Drivers agree that before placing a truck in reverse with the doors open, he/she will check the stability of the load. If instability of the load makes backing-up unsafe, the driver will request the assistance of the warehouse manager.

11.06 Chassis Damage

When a driver picks up a Company's chassis at a customer's location, he/she must first check its suitability for operation. Where there is doubt, the driver must call the Company's dispatcher

11.07 Over Loaded Containers

A driver must make the dispatcher aware if the container appears to be overloaded by the customer before transporting the container. Where a container has been overloaded, the driver has the right to refuse to pull that container. The Company agrees to pay for an overweight ticket if it can be shown that the Company is responsible.

11.08 Dangerous Goods

Drivers shall be compensated at the rate of \$50.00 per can for all dangerous goods cans. The driver is responsible for the cost of the dangerous goods course required by the National Safety Code.

11.09 National Safety Code number to be provided by the Company.

The Company shall ensure that all Owner Operators are provided with the National Safety Code registration number of the Company.

11.10 Cargo Insurance to be Paid by the Company

The Company shall provide cargo insurance to cover all cargo carried by Owner Operators.

11.11 Trip Schedule

Full loads on B trains and two containers will be paid 100% for the first can and 50 % on the second loaded can. The following exceptions apply:

B Trains & Combo Chassis (Full)	1 st Can	2nd Can	3rd Can
Same Location	100%	50%	N/A
Different Location	100%	100%	N/A
Empty Triple set			
3 at same location	100%	50%	Free
2 at one and 1 other location	100%	100%	Free
3 at 3 diff. locations	100%	100%	100%

Two Empty	1 st Can	2nd Can
2 at same location	100%	Free
2 at different locations	100%	50%

A Trains-	A Train Cans shall be paid at 100% for each Can
Waiting Time-	1 st hour free; \$45.00 per hour, effective January 1, 2006 and, \$50.00 per hour effective January 1, 2007; to be paid in 15 minute increments. (At Customers Location) (It will be a requirement of the Owner Operator to present a bill of lading identifying time in and time out that as the customer signature)
Dead Calls-	All Dead Calls shall be paid at \$50.00 each unless a recovery trip can be assigned within 2 kilometres and within 15 minutes of arrival at the Dead Call.
Scale Fee-	Any time a customer requires an Owner Operator to scale a load, that Driver shall be paid an additional \$50.00

Compensation - Owner Operators

- 1) Applying Schedule I in the Memorandum on the following basis:
 - (a) Import Container Trips will be paid on a Round Trip – based on double the rate from the point of origin.
 - (b) Export Container Trips will be paid on a Round Trip – based on double the rate from the destination point.
 - (c) \$50 for the partial unloading of container: These “Domestic” deliveries will be paid in addition to the Round Trip.
 - (d) In the event a Round Trip cannot be calculated, the following payment will apply. A Single Trip will be paid at a minimum rate of \$90.00 plus \$5.00 for every zone traversed using the shortest distance. The 26 zones are identified in Schedule I and Schedule II. The \$90.00 rate shall be increase by \$10.00 effective August 1, 2006.
- 2) Schedule II shall be in full force and effect effective August 1, 2006.

ARTICLE 12 - DURATION OF AGREEMENT

12.01 Duration of the Agreement

This Agreement shall be in full force and effect from and including January 1, 2006 to and including December 31, 2008 and shall continue in full force and effect from year to year thereafter subject to the right of either party of this Agreement within four (4) months immediately preceding the expiry date, or immediately preceding the anniversary date in any year thereafter by written notice to party, require the other party to commence collective bargaining with a view to conclusion or renewal of a Collective Agreement or a new Collective Agreement.

12.02 Section 50(2)

Parties agree that section 50(2) of the BC Labour Relations Code will not apply to this agreement.

DATED at New Westminster, in the Province of British Columbia this _____ day of February, 2006.

For the Union

For The Company

LETTER OF UNDERSTANDING #1

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(Hereinafter referred to as the "Union")

Re: Grandfather of Current Owner Operators

This agreement covers Owner Operators with more than one truck in operation as of July 1, 2005. The Owner Operators will be covered by the collective agreement.

The drivers for these owner operators will be covered by the following terms where they have been approved by the Company and worked sufficient hours to be dependent contractors.

1. Drivers will be covered by Article 5, Seniority, of the collective agreement.
2. Pursuant to Article 5.01, the driver will have a position on the seniority list based on the date they commenced employment for the owner operator.
3. Pursuant to Article 5.02, if the driver leaves and is replaced within sixty days, the new driver will take the most junior place on the seniority list currently held by a driver of the owner operator.
4. Article 5.03 applies to the drivers of the owner operator's trucks.
5. Article 5.04 will apply to both the owner operator and his/her employees.
6. It is understood that Owner Operators assume liability for insurance and Workers' Compensation for any person operating their vehicles.
7. The drivers remain the employees of the owner operators and the employment relationship is in all respects between the owner operator who owns the trucks and his/her drivers.
8. An owner operator may replace an existing (or grandfathered) truck but may not increase the numbers of truckers in his/her fleet.

9. All drivers employed by Owner Operators are to be paid pursuant to the Hourly Appendix by the Owner Operator.
10. Where a Driver of a truck belonging to an Owner Operator decides to move to the seniority list on his/her own and purchase a truck, or become an hourly driver, that person shall appear at the bottom of the seniority list. They do not carry their seniority with them from the status they had while driving for an Owner Operator.

Matters arising under Article 5 may be addressed under the grievance and arbitration articles of the collective agreement with the Company.

The Company and the CAW agree that the terms of this Letter of Understanding may be discussed in Union/Management meetings should issues arise. The parties also agree this Letter of Understanding expires at the end of this agreement and must be renewed.

DATED at New Westminster, in the Province of British Columbia this _____ day of February, 2006..

For the Union

For The Company

LETTER OF UNDERSTANDING #2

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(hereinafter referred to as the "Union")

Re: Owner Operator Invoicing Procedure

The following information will be made available to the driver but may not be on the same invoice:

1. Trucking company name and contact information
2. Owner-operator name and his company name
3. The period covered by the invoice
4. By each calendar day in the period show:
 - (a) The container and job numbers.
 - (b) The pick up and drop off location using the "locations" shown on the appropriate Schedule.
 - (c) The rate paid for the movement, including listing in a way that identifies B Trains and Combo Chassis.
 - (d) Payments for damaged cans and dangerous goods trips together with the pick up and drop off location and the associated container and job numbers
 - (e) Minimum call out payments
 - (f) Fuel Surcharge Payment

DATED at New Westminster, in the Province of British Columbia this ____ day of February, 2006..

For the Union

For The Company

LETTER OF UNDERSTANDING #3

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(hereinafter referred to as the "Union")

Re: Administration of Article 5.01(c)

In discussions at the bargaining table the CAW requested an explanation of the phrase "where practical" in Article 5.01(c). The primary driving force behind any and all dispatch decisions is the facilitating of service to the demands of our customers, location of the work and driver, distance and recognition of seniority.

1. The decision to assign a specific piece of work to start a driver's day is made based on a variety of reasons:
 - a. The specific needs of the customer.
 - b. The work available.
 - c. The drivers available.
 - d. The capability of the driver
 - e. The specific location of the customer in relation to the location of the driver.
 - f. How other deliveries after the first delivery, will fit together with this delivery to accommodate a customer requirement later in the day.
 - g. How other deliveries after the first delivery, will fit together with this first delivery to possibly accommodate a better revenue day for a more senior driver.
 - h. Chassis availability may have an affect.

i. If the piece of work is a continuation of work from the previous day.

2. Generally, the decision to activate a specific number of trucks for the day is based on seniority. It is therefore reasonable to assume that a more senior driver would have higher earnings than a more junior driver.

DATED at New Westminster, in the Province of British Columbia this _____ day of February, 2006..

For the Union

For The Company

LETTER OF UNDERSTANDING #4

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(hereinafter referred to as the "Union")

Re: Fuel Escallation agreement

A fuel surcharge shall be effective in the event of significant increases over the current price of diesel fuel. Beginning in the first quarter of 2006, where the average fuel price is greater than \$1.05 per litre in any quarter, a fuel surcharge shall be in effect for the following quarter. The surcharge for that quarter will be in the form of 1.0% (applied to payments based on the applicable rate schedule) for each full five cent increase in the average fuel price above \$1.05.

Diesel prices from the M.J. Ervine website shall be used.

DATED at New Westminster, in the Province of British Columbia this _____
day of February, 2006..

For the Union

For The Company

LETTER OF UNDERSTANDING #5

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(Hereinafter referred to as the "Union")

Re: Paid Education Leave

The Company agrees to pay into a special fund:

Twenty dollars (\$20.00) per year per owner/operator and employee for all owner/operators and employees for the purpose of providing paid education leave.

Said paid education leave will be for the purpose of upgrading the Employees and Owner Operator skills in all aspects of Trade Union functions. Such monies to be paid on a quarterly basis into a trust fund established by the National Union, CAW and sent by the Company to the following address:

CAW Paid Education Leave Program,
CAW Canada
205 Placer Court
Toronto, Ontario
M2H 3H9

The Company further agrees that members of the bargaining unit, selected by the Union to attend such courses, will be granted a leave of absence without pay for twenty (20) days' class time, plus travel time where necessary, said leave of absence to be intermittent over a twelve (12) month period from the first day of leave. Owner Operators and Employees on said leave of absence will continue to accrue seniority and benefits during such leave.

The parties agree that upon the conclusion of the collective agreement, this letter of understanding is deemed to be expired and removed from the collective agreement in the event it is not re-negotiated.

DATED at New Westminster, in the Province of British Columbia this _____ day of February, 2006..

For the Union

For The Company

LETTER OF UNDERSTANDING #6

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(Hereinafter referred to as the "Union")

Re: Paid Administration/Enforcement Leave

The Company agrees to pay into a special fund, \$15.00 per month for every truck in Service by an Owner Operator. The fund shall be administered by the Local Union.

The parties agree that upon the conclusion of the collective agreement, this letter of understanding is deemed to be expired and removed from the collective agreement in the event it is not re-negotiated.

DATED at New Westminster, in the Province of British Columbia this _____ day of February, 2006..

For the Union

For The Company

LETTER OF UNDERSTANDING #7

BETWEEN;

LALLY BROTHERS HOLDINGS LTD.
(Hereinafter referred to as the Company)

AND;

THE NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND GENERAL
WORKERS UNION (VCTA - CAW - CANADA) LOCAL 2006
(Hereinafter referred to as the "Union")

Re: Rate Schedule Integrity

Anytime after the 12 (12) months of the ratification of this collective agreement where the Company can show that undercutting is have a significant impact on the Company's and the drivers' workload, the parties agree to meet and discuss the matter.

DATED at New Westminster, in the Province of British Columbia this _____ day of February, 2006..

For the Union

For The Company

APPENDIX "A"

Hourly Paid Employees

Hours of Work Appendix "A" Article 1

1.01 Definitions

- (a) Work Day - Defined as eight (8) consecutive hours, exclusive of the one-half (1/2) hour unpaid lunch period.
- (b) Work Week - The normal work week shall be forty (40) hours between Monday and Friday.

1.02 Start/Stop Times

A regular shift shall be defined as any shift that starts at or after 6:00 am and concludes at or before 6:00 pm subject to 1.01 (a) above.

1.03 Notice of Shift Change

Employees shall receive forty-eight (48) hours notice of shift change.

1.04 Lunch Period

The mid-shift lunch period will be 30 minutes in length and shall be scheduled between the 3rd and 5th hour of a shift.

1.05 Rest Periods

There shall be two fifteen (15) minute rest periods in each shift. They shall be scheduled to occur between the 1st and the 3rd hour of work in the morning and again in the afternoon between the 6th and 7th hour of work.

OVERTIME APPENDIX "A" ARTICLE 2

2.01 Overtime Defined

All time worked in excess of forty (40) hours per week or eight (8) hours per day shall be considered overtime.

2.02 Overtime (Daily)

Overtime shall be paid at the rate of time and one-half (1 1/2x) for the first two (2) hours during the employee's regular work week. All overtime beyond two (2) hours shall be paid at double time (2x).

2.03 Overtime (Regular Days Off)

All overtime on an employee's regular day off shall be paid at time and one-half (1 ½x) for the first eight (8) hours and double time (2x) thereafter.

2.04 Overtime (Statutory Holidays)

In addition to their Statutory Holiday pay, all overtime worked on a general holiday shall be paid at time and one-half (1 ½x) for the first eight (8) hours and double time (2x) thereafter.

2.05 All Overtime Voluntary

Overtime will be voluntary except in the event of an unforeseen or emergency situation where overtime shall be offered in order of seniority. Where there are not enough overtime volunteers, the Company may assign the overtime to the most junior employees to cover the work, and the assigned employees shall be required to perform the work.

Overtime shall be distributed on a rotation basis by using the seniority list and shall be handed out on a 1st come basis.

2.06 Make-up Time

An employee requesting time-off may be allowed to make up the time lost during what would normally be overtime hours at straight-time rates.

2.07 Overtime Breaks

Employees who work more than two (2) hours beyond the end of their regular shift shall receive a paid break of one-half hour and will be provided with a meal.

2.08 After Hours Recall

Any employee recalled to work by the Company following completion of regular shift hours on a regular work day shall be paid on an overtime basis for the actual time worked and shall be guaranteed a minimum of four (4) hours work at overtime rates. This guarantee shall not apply if such overtime occurs immediately prior to or succeeding his/her regular shift hours.

ANNUAL VACATIONS APPENDIX “A” ARTICLE 3

3.01 Vacation Entitlement

Years of Service	Vacation Period	Vacation Pay
Less than 1 year	1 for each full month worked to a maximum of 10 days	4%
1 year but less than 2 years	2 weeks	4%
3 years but less than 7 years	3 weeks	6%
9 years but less than 15 years	4 weeks	8%
15 years but less than 21 years	5 weeks	10%
21 years and over	6 weeks	12%

Vacation pay shall be based on gross earnings from the employee's last anniversary date.

3.02 Vacation Scheduling

Vacations shall be schedule in the month of January of each year for the upcoming year starting with the most senior Employee to the most junior. The Company has the right to restrict overlapping vacations of Employees, preventing more than 10% of the Employer's work force from being on vacation at any one time.

Vacations shall be scheduled in increments of 5 days.

3.03 Vacation Pay on Termination

Upon leaving the Company, employees will receive all outstanding vacation pay with their final pay cheque.

3.04 Vacation Cut off

Vacation Year Cut-Off shall be December 31st.

STATUTORY HOLIDAYS APPENDIX "A" ARTICLE 4

4.01 Statutory Holidays

All employees covered by this Agreement will receive eight (8) hours' pay at their regular straight time rates for each of the following Statutory Holidays (regardless of the day on which the holiday falls) in addition to any wages which they may be in receipt of for work performed on such holidays:

- | | |
|---------------------|--------------------|
| 1. New Year's Day | 2. Good Friday |
| 3. Victoria Day | 4. Canada Day |
| 5. BC Day | 6. Labour Day |
| 7. Thanksgiving Day | 8. Remembrance Day |
| 9. Christmas Day | 10. Boxing Day |

and any other day declared a Statutory Holiday by the Provincial and/or Federal Government.

4.02 Statutory Holiday During Vacation Period

Should any of the above holidays occur during an Employee's vacation period; he/she will be given an extra day's vacation with pay for each holiday to be taken at the beginning of or the end of the vacation period.

4.03 Statutory Holiday on a Day Off

Should any of the above holidays occur on an Employee's day off, he/she will be given an extra day off with pay for each holiday so affected. This additional day off shall be scheduled by mutual agreement and not more than 30 days from the date of the Statutory Holiday.

4.04 Qualification

In order to qualify for eight (8) hours' pay for the above General Holidays, the Employee must have completed thirty (30) calendar days employment with the Company and work his/her last regularly scheduled shift before the holiday or, his/her first regularly scheduled shift after the holiday except where authorization is obtained from the employer.

4.05 Eligibility

Employees not actively employed because of; lay-off; illness or injury and not eligible for W.C.B. or sick benefit payments for the involved illness or injury and who work within the fourteen (14) day period prior to the Statutory Holiday in question, will qualify for Statutory Holiday pay for such Holiday.

WAGES AND BENEFITS FOR HOURLY EMPLOYEES APPENDIX "A" ARTICLE 5

5.01 Wage Schedule

Hourly Rates	Effective January 1, 2006	Effective January 1, 2007	Effective January 1, 2008
1st year of Service	\$18.50	\$19.25	\$20.00
2nd year of Service	\$20.00	\$21.25	\$22.00
3rd year and beyond	\$21.50	\$22.25	\$23.00

5.02 Benefits

Medical Services Plan Optional

Short Term Disability

1st day accident, injury or hospitalization
4th day illness
66 2/3 or gross weekly wages
52 weeks

Long Term Disability

52 Week qualification Period
24 Month Own Occupation at 66 2/3 weekly gross
Any Occupation from 25th month to Retirement at 60%
weekly gross.

Extended Health Plan

Comprehensive Drug Coverage (Generics OK)
Prescription orthopaedic devices
Eyeglasses at \$400.00 per plan member (24 months)
EFAP at \$500.00 per plan member (12 months)
Physiotherapy
Speech Therapy
Chiropractic
Massage and Homeopathic

Basic Dental 100% No Maximum

Checkups, Cleaning/Scaling and Fillings

Major Dental 50% (\$2000.00 per year per plan Member) included

Crowns
Caps
Bridges
Restoration
Periodontal

Orthodontic 50% (No Maximum No Age Restrictions) included

Accidental Death and Dismemberment

\$.037 per \$1000 of coverage, or \$1.85 per \$50,000.00 of coverage

Group Life Insurance

\$.17 per \$1000 of coverage, or \$8.50 per \$50,000.00 of coverage

The Parties agree to negotiate a Benefit Package based on the forgoing not exceed the cost of \$3.00 per hour based on a 40 hour work week. The benefits as set out above may not reflect the actual benefits achieved.

5.03 Pension

The Company shall contribute \$.75 per hour worked into a Locked in Group RRSP for all Hourly paid employees.

Annual Statements shall be provided to all Hourly Employees by the end of January in each Calendar Year.

Employees shall not be able to access these RRSP Funds until retirement but shall be able to transfer them to another RRSP Plan should they leave the employment of the Company prior to retirement.

Employees shall be able to contribute to the RRSP Plan at their discretion and shall be able to do so in increments of \$.25 per hour worked up to \$2.00 per hour worked.

DATED at New Westminster, in the Province of British Columbia this ____ day of February, 2006..

For the Union

For The Company
