

RECEIVED SEP 03 2004

MEMORANDUM OF AGREEMENT
Between
BFGOODRICH
DIVISION OF MICHELIN NORTH AMERICAN (CANADA)
Inc.
AND
UNITED STEELWORKERS OF AMERICA
ON BEHALF OF ITS LOCAL 677

August 20, 2004

00714 (07)

2004 Kitchener/USWA Negotiations
August 19, 2004

Company Offer for Settlement

Contract Term

- May 31, 2004 to July 22, 2006

CLA Provisions

- Name change to BFGoodrich Tire Manufacturing or BFGoodrich Tire Manufacturing, a Division of Michelin North America (Canada) Inc. or BFG; appropriate date changes,
- Article III
 - Union Security (dues)
- Article V - 5.01, 5.14
 - Grievance procedure (extend days)
- Article V - 5.15, 5.16
 - Payment at ASTHE
- Article VI - 6.01
 - Flexibility (Schedule by area)
- e Article VI - 6.09 (Memorandum of Agreement)
 - Move scheduled shift **down** before statutory holiday on Monday
- Article VII
 - Wage policies
 - Incentive Pay Plan
 - Pay progression ~~from~~ 70% to 100% over 60 months
- Article VIII
 - Bumping
- Article VIII - 8.19 a
 - Green tire painter
- New Letter (repl 8.25c) **(Return to work)**
 - Letter of intent : Assignment of disabled employees
- Article IX - 9.03
 - Discipline clarification
- Article IX - 9.10 a
 - JHSC language (Number of representatives)
- Article IX - 9.10 c iii
 - Investigate serious accidents

- **Article IX - 9.10 (c) xi**
 - **Ergonomics Committee (Job rotation)**
- **Article XI – 11.04**
 - **Pay in lieu of listing**
- **Appendix D**
 - **Contracting Out**
- **Appendix D**
 - **Tool Allowance**
 - **Exclude lateral transfers for apprentices**
 - **Powerhouse license fees**
- **Letter 12**
 - **12 hr schedule dispute resolution – delete**
- **Letter 17**
 - **Replacement Pool**
- **(NEW) Letter**
 - **Plant Security**
- **(NEW) Letter**
 - **EAP language**
- **New Letters**
 - **Letters of Intent regarding Pay Equity**
 - **Federal Contractors Program**
- **(NEW) Letter**
 - **Pay Plan Methodology**
- **(NEW) Letter**
 - **Interim Meetings**
- **(NEW) Letter**
 - **Joint Labour and Management Safety Symposium**
- **Article VIII - 8.11 a**
 - **Classified and General jobs**

Wages

- Continue **existing** COLA formula (Appendix B) with the following changes:
 - adjust quarterly effective **dates**.
 - \$ 0.18/hour COLA diversion (2004 silent **COLA** payment) towards Insurance and Health Care costs.
 - COLA roll-in as a percentage for all incentive jobs, flat rate for all hourly jobs

Pension and Insurance Benefits

- Retirement Pension Plan Formula: \$54.00 for past service commencing June 1, 2004
- Amendments to Pension Agreement as required by CCRA (See attached).
- Delete - Article V under Agreement – Insurance Program
- Provide for a one (1) year lag in the Ontario Dental Association (ODA) Fee Schedule
- Company payment of medical forms

Incentive Pay Plan

- Final pay plan implementation
 - New Incentive **Curve (80%- 120%)**
 - Long Delay ASTHE - 2 hrs consecutive downtime
 - Days Work - 100%
 - Industrial Engineering Manager approved extenuating interferences

Other

- All other terms and conditions of existing agreement continue unchanged.

ARTICLE III
UNION SECURITY

- 3.01** The Company agrees that all employees shall ~~become~~ and remain ~~members~~ of the Union ~~as~~ a condition of their continued employment.
- 3.02** The Company shall deduct from the pay of each member of the bargaining unit, weekly, such Union dues, fees and assessments as prescribed by the Constitution of the Union.
- 3.03** The Company shall remit the amounts ~~so deducted~~ prior to the fifteenth (**15th**) day of the ~~month~~ following, **by** cheque as directed by the District Area Office, payable to the International Treasurer.
- 3.04** The monthly remittance shall be ~~accompanied~~ by a statement showing the name of each employee from whose pay deductions have been made and the total amount ~~so~~ deducted for the month. Such statements ~~shall~~ also list the names ~~of~~ the employees from whom no deductions have been made and the reasons ~~why~~, along with any forms ~~required~~ by the International Union.
- 3.05** The ~~Union~~ agrees to indemnify and save the Company harmless against all claims or other forms of ~~llablllty~~ that ~~may~~ arise out ~~of~~, or by reason of, deductions made or payments ~~made~~ in accordance with this Article.
- 3.06** The Company shall provide the Union with an annual list of total dues deductions paid ~~by~~ each employee prior ~~to~~ February **28th** each year, for the previous calendar year.
- 3.07** Union dues deductions will be shown as one entry on weekly pay ~~stubs~~,
- 3.08** The deductions made from employees shall ~~be shown~~ on their T4 Revenue Canada forms ~~on~~ an annual basis, mailed to employees, annually no later than February **28th**.

ARTICLE V
GRIEVANCE PROCEDURE

5.01
Step 4

Any grievance arising from the interpretation, application, administration, or alleged violation of the Agreement, including incentive standards, which **has** not been settled under the grievance procedure including any question **as** to whether a matter is arbitrable may within, but not more than sixty **(60)** calendar days after completion of Step #3 be submitted to arbitration by either party. When either party to this Agreement requests that a grievance be submitted to arbitration, they make such request in writing, **and** address same to the other party, Such request shall contain insofar as possible, a complete and accurate statement of the grievance matter to be arbitrated. Within five **(5)** calendar days of receipt of this notice, each party shall appoint an arbitrator, and notify the other party of its appointee. The two arbitrators so appointed shall select a chairperson of the arbitration board within five **(5)** calendar days. In the event of failure to agree upon a chairperson, either or both parties shall make application to the Minister of Labour for Ontario, asking that **s/he** nominate a chairperson.

5.14 **The** Union agrees that the final written answer of management to a grievance at **any** step in the grievance procedure shall dispose of the grievance unless such grievance is appealed within ten (10) calendar days excluding **any** vacation shutdown period from the **date** of management's final answer. The only exception shall **be** that of **an** appeal to arbitration wherein **sixty (60)** calendar days is allowed.

5.15 If the Company requests the presence of an employee at a meeting, the Company shall compensate **the** employee for such time **as** follows:

Time Work - At his/her customary hourly rate.

Incentive - **ASTHE**

In addition, the employee will be paid any shift premium to which **s/he** would be entitled for hours **lost from his/her** normal shift because of such **meeting**.
Company agrees to provide all grievance meeting minutes to the local Union.

5.16 Amend 2nd paragraph to read:

If such appeal is properly made, the matter shall be negotiated through the regular channels and if it is determined that the employee has been unjustly suspended or discharged, s/he shall be reinstated to his/her former position without loss of seniority, and shall be compensated at his/her customary hourly rate/**ASTHE for all**

- lost earnings from work because of the suspension or discharge less any penalty mutually agreed or decided by arbitration.

ARTICLE VI HOURS OF WORK

6.01 12 Hour Core Schedule

This schedule provides for a 12 hour core shift schedule, according to a 4 crew 7 day continuous operation rotating schedule working 168 hours in each 28 day period with up to eight hours worked at premium payment, Work week and pay week shall run from Saturday through to and including Friday (7:00 a.m. Saturday through to the following 7:00 a.m. Saturday).

Such a schedule may be applicable to all or part of the plant, department, function, or type of equipment to meet increased efficiency of operations and/or cost effectiveness,

It is understood and agreed that employees are required to work such schedules on a non-voluntary basis.

12 Hour Core Schedule Non-Voluntary Premium Shift Qualifier

If an employee on a 12 hour shift schedule misses any one of or part of the scheduled shifts on a Saturday or Sunday, s/he is not eligible for premium payment for the scheduled premium hours that Sunday unless the missed time is compensated time off for one of the following reasons: bereavement, floater, vacation, jury duty, or union business (i.e., pool of hours or Local Union paid time).

As part of any schedule rotation, a lesser number of shifts or crews may be scheduled, by all or part of the plant, department, function, or type of equipment, as required to meet business needs. The eight (8) hours of premium payment are the hours which would be withdrawn from the schedule by the company upon two weeks advance notice with no S.U.B. and no premium cost to the Company. Appropriate prior notification shall be provided to the Union and the employees a minimum of two weeks in advance of any changed requirements to any existing schedule (otherwise overtime at time and one-half applicable in the first changed shift, where worked). The company, represented by the Labour Relations Manager and Department Manager, shall meet with the Union to discuss matters relating to the implementation of any schedule change, when not plant wide.

It is recognized that the scheduled shift hours shall be exceeded in the Starting and stopping of holiday shifts or shutdowns, replacement of absentees, and in cases of emergency.

Legislation in Ontario calls for the changing of time clocks two times each year. In the fall, the clocks revert backwards 1 hour to Eastern Standard Time and the shift in which the clocks are turned back, become a scheduled 12.5 hour shift. The night shift shall work until 6:30 a.m. and the day crew shall start at 6:30 a.m. The applicable premium pay at time and one-half for the extra half hour (12.5 hours worked, 12 hours straight time pay, 0.5 hours pay at applicable premium pay) shall be paid for each conversion shift.

In the spring when the clocks are moved ahead to Daylight Savings Time requiring 11.5 hours of scheduled work on each conversion shift, the night shift shall finish at 7:30 a.m. and the day shift shall start at 7:30 a.m. The Company shall pay the extra half hour at average earnings (i.e., 11.5 hours worked, 12.0 hours paid to each shift) for each conversion shift.

12 HOUR CORE SHIFT SCHEDULE

No change to 12 Hour Core Shift Schedule Chart or any remaining Article VI language,

ARTICLE VI HOURS OF WORK

Add to Clause 6.09:

Monday Statutory Holidays & The 21st Shift Schedule

The Company and the Union have agreed to the following schedule change to the existing twelve hour core schedule. This change will occur when the twenty-first shift (Sunday 3:00 p.m. to 11:00 p.m.) is not scheduled and a Statutory Holiday (Clause 6.09) falls on a Monday and observed from 7:00 a.m. to 7:00 a.m. The schedule change offered is the hours of the Sunday night shift (when on 20 shift schedule are 11:00 p.m. to 7:00 a.m.) will change/revert to 3:00 p.m. to 11:00 p.m. as the scheduled 8 hour shift on the Sunday prior to the scheduled holiday on Monday.

- **This** agreement will be in effect whenever the 21st shift is not scheduled and a statutory holiday falls **on a Monday**.
- The hours of the Sunday night shift (when on 20 shift schedule are 11:00 p.m. to 7:00 a.m.) will change/revert to 3:00 p.m. to 11:00 p.m. as the scheduled 8-hour shift on the **Sunday** prior to the scheduled holiday on **Monday**.
- No “premium” time (under Clause 6.01) will be paid for the hours between 3:00 p.m. to 11:00 p.m. under this circumstance.
- If **voluntary** overtime is required in any department for the time period between 11:00 p.m. Sunday to 7:00 a.m. Monday the normal designated overtime crew(s) will be asked for the 8 hour shift and be paid per clause 6.05.
- The shift premium (per **Clause 7.13**) of **\$0.80 cents** per hour that would normally be paid to those employees working the 7:00 p.m. to 7:00 a.m. shift will be paid for the hours of 3:00 p.m. to 11:00 p.m. under this circumstance.

ARTICLE VII WAGE POLICIES

7.01 Individual base **rates** and hourly rates in effect on the effective date of this Agreement shall **remain** in effect during the life of this Agreement except that a change in any rate may be made by **mutual** agreement. Job descriptions **will be** accessible to the affected employees and the Union time study. Copies of pending and **future** job evaluations **will be** shared with the Union. Upon request all information will be copied or duplicated and furnished **to the Union with the** understanding that information not pertinent to the evaluation will not be included in the copy. Information furnished **will not be** disclosed to any party not directly concerned with the evaluation in question or the administration of **the** Union.

The Company will provide a list of **jobs** and **rates** separately on an annual basis, with extra copies to be posted in **the** plant.

7.02 Incentive **standards** shall be established or revised in accordance **with** the time **study** practices of the Company which will provide for the accurate measurement of the physical effort required **to perform operations**.

The company retains **the** right to perform time study practices which involve the capturing of employee images for the purpose of work measurement. The company **will insure that** videos taken within the facility for the purpose of work measurement **will be** obtained on a voluntary **basis** wherever possible **and** will not be retained for any purpose other **than** validation of the standard. Images **so** obtained will not be **used** for discipline.

In the revision of **an** incentive standard, only the elements affected by **a** change in method, equipment, products, tools, materials, design, or other production conditions shall be revised.

New or **revised** standards, posted on the shop floor, shall be accompanied with job procedures. The job procedures **shall** include elements to be completed, the order of those elements, materials and tools. When **a** standard **is revised because one or** more elements have changed, **an** explanation shall **be posted with the** aforementioned job procedures.

Measured Day work **Standards** for all other operations and jobs will be established in accordance with this paragraph to set expected production targets and work content expected for **the various** hourly-rated production and non-production jobs within the plant. **Measured Day** work **Standards** differ **from** Incentive **Standards** in **that they are** not used to establish employees' earnings and **are, therefore,** not subject to any guaranteed elements and **can be** changed as necessary **to meet changing needs**. The overall intent is **that eight (8) hours or twelve (12) hours work** is expected of each **employee** for eight (8) hours or twelve (12) hours pay. Upon request, copies of **standard summary pages** or Measured-Daywork calculations will be provided **to** the Union.

Estimated Incentive **Standards**: Estimated incentive **standards** may **be established and** used for **certain periods** of time to provide incentive **standard** coverage on **various** operations until incentive **standards** are made **effective**. **The life of an** estimated **standard is sixty (60) days, and can** only be extended by mutual agreement.

When establishing **an** estimated incentive standard, **a** procedure covering **the** operation must **be drafted before** time studies **are** taken

Estimated **standards** differ from permanent standards in that the elemental values are not **guaranteed, and** when replaced by **a** permanent standard, the values of the permanent standard can be established without any reference **to** the elemental values of the **estimated standard**.

All **data** for estimated **standards** is **to be** available **to** the Union upon **request**.

Grievances on estimated standards can be negotiated up to and including the third **step** level. If no agreement is reached at third step between the Company and the Union, the estimated **standard** shall be automatically cancelled. All meetings requested by **the** Union or the Company on procedures, explanations or protests shall be paid **for at the** customary hourly rate or **ASTHE** on the same basis **as** is now in effect on permanent **standards**.

Any increase negotiated on estimated **standards** shall **be retroactive to** the **date of** posting.

Estimated standards in effect in the various departments will be reviewed every **two (2)** months by the Company and the Union. The Industrial Engineering Department will be responsible for arranging **these** review meetings.

Where the earnings of an employee are lower than his/her **ASTHE** during the above period, the Company shall upon request, replace such with:

- a) where an employee was paid on incentive immediately prior to the application of the estimated standard, payments in accordance with clause 7.17.
- b) where an employee was paid an hourly rate immediately prior to the application of the estimated standard, his/her hourly rate.

It is recognized there may be temporary periods of time when incentive standards may not conform to the foregoing due to minor changes in work content which may increase or decrease the incentive standard in effect. In such instances, the Company shall have the right to either cancel or apply such standards and if an increase in effort is required, the Company shall modify the estimated standard and back pay accordingly.

7.03 (a) No employee on incentive shall be paid in excess of the **Minimum Rate Guarantee (MRG)**, except that employees will have the opportunity to earn and be paid in excess of the **MRG** up to a maximum of **120%** efficiency.

The following exceptions must be approved by the employee's supervisor for payment at **ASTHE**:

- (i) attendance at a meeting requested by Management
 - (ii) medical tests and safety drills as directed by Management or during safety work refusal per the **Ontario Health and Safety Act**
 - (iii) employee involvement meetings
 - (iv) training in a controlled environment (for example, classroom)
 - (v) experimental/developmental time - time which was not covered by an incentive labour standard and this time must be verified by a staff individual in charge of the procedure as well as the employee's supervisor. (The points earned during this period will not be used in the calculation of pay, the points should be struck from the time card.) See Clause 7.19.
 - (vi) Instructors/Teachers - time spent while instructing other employees
 - (vii) temporary supervision
 - (viii) Union business
 - (ix) first aid treatment
 - (x) Heat breaks
 - (xi) time spent on work restricted
 - (xii) When there are situations other than those mentioned above where employees are assigned to work under significantly abnormal conditions, the Industrial Engineering Manager or designate can authorize **ASTHE** provided that:
 - 1) the additional work is not reflected in the normal incentive standard
 - 2) the problem persists for six (6) or more consecutive hours
 - 3) the employee works at the post the entire shift applying a normal level of skill and effort
 - 4) the earned efficiency is **MRG** efficiency or less for the affected time
 - 5) In order to benefit under this section, the employee must report the condition to his/her supervisor at the time the condition occurs,
 - 6) The points earned during this period will not be used in the calculation of pay, the points should be struck from the timecard.
 - (xiii) 1) If employees are assigned to operate with 2 machines (1 on 1) on 3 machine modules or one operator is assigned to operate 1st and 2nd step machines: the operator still building tires will be given double the points (from the pay machine) for the affected time.
 - 2) If, on a 3 machine module, employees are assigned to build in manual mode (no robotic offloading), employees still building tires will be given a 1.8 x factor on the pay machine for the affected time.
- (b) **Minimum Rate Guarantee (MRG):** A minimum hourly pay rate will be guaranteed to all qualified employees covered by the incentive plan. This minimum hourly pay rate will be at **80% efficiency** (per pay table).

7.04 Incentive **standards** may contain allowances for physically restricted increments of time or be supplemented by fixed process allowance to arrive at the incentive pay standard, The fact that supplementation may be currently **necessary** does not prohibit **the Company** ~~from~~ replacing supplementation with **true** physical work at some **future** time,

7.05 Prior to posting, the Company will provide copies of new or revised incentive **standards** to the Union. **A new or revised incentive standard which has been posted for twenty-four (24) or more hours shall become effective at the starting time of the shift immediately following the posting of said standard. After an employee has worked on a new or revised incentive standard for a period of four (4) days but not exceeding fifteen (15) days, s/he may through his/her Steward, protest such standard by a written grievance to his/her Department/Area Manager. The grievances shall be negotiated to a final settlement.**

Any adjustments or settlement made shall be retroactive to the date such a standard **was** made effective, but shall not apply to an employee not on the active payroll as of the date of the final settlement. **An** employee **who** is on leave of absence, pension, severance award, or laid off **as of** date of final settlement, shall be included.

Upon request of the Union, the Company shall make available at the Company's office, the time and pool **sheets** used in determining such retroactive pay. When an incentive standard becomes effective and there is less **than four (4) days** production, but more than twenty-four (24) **hours** production available in the following fifteen (15) working days, the **twenty-four (24) hours of production shall be considered as the trial period.** When there is **less than twenty-four (24) hours** production available in the fifteen (15) working **days, the first shift production shall be considered as the trial period.**

An incentive standard, or process allowance schedule, **that** is posted, tried and protested and because of protest is revised, **shall not require a further trial period.**

During the period of **fifteen (15) working days** after **a new** or revised incentive standard **has** been posted, same may be revised provided **an** error has been made in compilation or all conditions pertaining to **the** establishment of such standard have not been studied.

The application or cancellation of **fixed process** allowances for physically restricted increments of time or variable process allowance schedules in connection with **an** incentive standard may be **protested and** negotiated under the same **conditions** as provided in this clause 7.05 for the protest and negotiations of incentive **standards.**

7.06 When a re-issued incentive standard is posted, it shall **become** effective **twenty-four (24) hours** following the **posting** of said standard.

7.07 When studies or videos are being **conducted** for the purpose of establishing incentive **standards** or **measured day work** standards, **job procedure(s)** shall be posted forty-eight (48) hours prior to the study. **Notification of such studies will also be given to the Union and the effected employees 48 hours before the study is conducted. No employee of the Company in an official administrative or supervisory capacity shall take part in any work performed by the employee while such studies are in progress.**

7.08 When **an** incentive standard is protested **and** is under consideration at Step **#3** of the grievance procedure, the Company, upon request of the Union, will permit a Time Study Engineer of the International Union, U.S.W.A. **to make studies** of the operation **covered by the disputed incentive standard**

Such Union Time Study Engineer must be experienced in the time study practices **of** the Company and must use the Company **work** measurement techniques in **his/her** studies. Any such studies by said engineer shall be made in conjunction with a **Time** Study Engineer of the Company and if such studies are **to be used** in **further** negotiation **and/or** arbitration, a comparison of the results of the **studies** shall be made prior to or during further **negotiations and/or** arbitration **procedure.**

Upon **request, copies of** pertinent time study **data** and other information used or **related in** determining any **new, revised, or protested** incentive standard shall be **given to the Union with the understanding that confidential information and information not pertinent to the standard will not be included in the copy.**

7.09 The supervisor will notify the employee of a change made on the employee's time sheet or electronic timesheet where such changes will affect the employee's earnings. The employee shall be notified of such change on his/her next working shift, or as soon as possible and will be given a copy of the time sheet in question.

If the change is of a recurring nature and the employee does not agree with the change and same is protested through the grievance procedure, the employee shall mark his/her time sheet or electronic timesheet as instructed by his/her supervisor until a final decision is rendered.

7.10 Average Straight Time Hourly Earnings (**ASTHE**) shall mean the straight time pay divided by the straight time hours worked. This is to include the straight time portion of overtime worked, guarantee/reassignment time and incentive earnings. It does not include shift and other premiums or overtime worked on non-incentive posts. It also does not include any pay for hours not worked (EG: vacation, bereavement, holidays, jury duty, SUB, etc.) This includes all work performed by the employee on his/her regular job during the last two (2) pay periods in which s/he worked a majority of hours on such job covered by incentive standards that were not under protest and on which no special allowance or guarantee was paid. When standards are protested between the fourth (4th) and fifteenth (15th) day of the trial period specified in clause 7.05, such protest shall be deemed to have been in effect on the first day of the trial period for the purpose of applying this paragraph. Said **ASTHE** shall be established by the Company Payroll Department from the employee's weekly payroll card. Except that when it is not practical to determine the **ASTHE** by this procedure, such **ASTHE** will be determined by another mutually agreed procedure.

7.11 An incentive employee must work a minimum of forty (40) hours in a given calculation period (2 weeks) in the classification on incentive in order to generate a new IIR and **ASTHE**. If not at least forty (40) hours worked on incentive, then the previous pay period IIR and **ASTHE** will be used.

7.12 The hiring rates for new employees, including students and replacement employees, will be as defined in clause 7.32.

7.13 a) For eight hour shifts, a shift premium of fifty-five (**\$0.55**) cents per hour shall be paid for hours worked on the third shift (3:00 p.m. to 11:00 p.m.) and sixty (**\$0.60**) cents per hour for hours worked on the first shift (11:00 p.m. to 7:00 a.m.). For twelve hour shifts, a shift premium of eighty (**\$0.80**) cents per hour shall be paid for hours worked on the night shift (7:00 p.m. to 7:00 a.m.) The above shift premium for employees on the 12 hour core shift schedule, will be provided even if the Sunday assigned premium shift is withdrawn.

b) Shift premium shall not be included in the calculations of an employee's overtime rate.

c) A premium of \$1.75 per shift shall be paid to each employee who is required to hand over a running piece of equipment or operation to the next shift. This payment is in lieu of the five (5) minute wash-up time at shift end. When the Company wishes to discontinue this practice on a piece of equipment or operation, it will give twenty-four (24) hours notice where possible to the affected employees.

When an employee leaves his/her machine early to attend a meeting (including Employee Involvement or training), the premium shall be paid per the following:

- I) If an employee from the same shift is assigned to cover for an employee attending a meeting, the employee so assigned shall receive the premium.
- II) If an employee is requested to report for work early to cover for an employee attending a meeting, the employee leaving shall receive the premium.
- III) There must be a next shift in order for the premium to be paid.
- IV) No more than one "hand over" payment per machine per shift will be paid.

7.14 The company agrees to allow rest periods consisting of two breaks totalling 40 minutes (8 hour shift) or three breaks totalling 60 minutes (12 hour shift).

7.15 (a) When an employee is required to attend Special Meetings (such as, State of the Business, Plant Manager or those called by the Department/Area Manager), Employee Involvement Meetings, or on Union Business or Safety Committee business, s/he will be paid **ASTHE**.

(b) Except as otherwise provided in this Agreement, experienced incentive employees will be paid the MRG or hourly rate of the job to which they are assigned and shall be guaranteed such MRG or hourly rate as minimum earnings.

SPECIAL PAYMENTS APPLYING TO EXPERIENCED INCENTIVE EMPLOYEES

7.16 Under certain conditions, experienced employees normally working on incentive operations may be limited for temporary periods of time in their opportunity to maintain their normal incentive earnings. In such situations covered by clauses 7.17, 7.18, 7.19, 7.20, 7.21 and 7.22 listed below, employees shall be guaranteed special rate payments as provided herein. However, employees receiving any of the special rate payments listed below, are expected to perform at a level consistent with additional effort for which incentive payment is designed to compensate.

7.17 When an incentive employee is required to work on his/her regular job and there is no incentive standard available, s/he will be compensated at his/her **ASTHE**.

7.18 When an incentive employee is temporarily assigned to a job and there is work available on his/her job, s/he shall be paid the greater of:

- 1)
 - a) His/her **ASTHE**, or
 - b) The rate of the job to which s/he is temporarily assigned if greater, or
 - c) The incentive efficiency which s/he develops on such job.

2)

If assigned in class, the employee will receive no guarantee but will be paid the incentive efficiency s/he develops on such job,

Examples:

- First step builder assigned to another first step machine
- First step builder assigned to second step machine and is qualified
- Second step builder assigned to a first step machine and is qualified.
- Bead tip flip operator assigned to another tip flip machine
- Assigned to any building machine first or second stage and is qualified.

When there is a reduction in production and there is no work available to him/her on the job from which s/he was assigned, and provided s/he is qualified, s/he shall be paid in accordance with (b) of this clause if to an hourly rated job or (c) of this clause if to an incentive job,

7.19 When an incentive employee is assigned to developmental or experimental work, s/he shall be paid his/her **ASTHE** for the period of an assignment when s/he is specifically assigned to perform work of a special nature under the direct supervision of a member of supervision or the Technical staff, whether or not continuously present during the period such experimental work is in progress, for the express purpose of developing or experimenting on new manufacturing processes, as contrasted with routine changes in production methods. The time to be claimed on the employee's timesheet or electronic timesheet is the amount of lost time which was not accurately covered by the incentive standard pertaining to the operation. (The points earned during this period will not be used in the calculation of pay, the points should be struck from the timesheet or electronic timesheet).

7.20 When an incentive employee is requested to remain in the plant and is assigned work in place of enforced idleness, s/he shall be paid at:

- a) The experienced rate of the assigned job
- b) **ASTHE**
- c) The incentive rate on the post at which they are assigned

Whichever is greatest.

If work is available on his/her incentive post, s/he shall be paid in accordance with the incentive payment plan at his/her post [7.18(2)]

7.21 When an incentive employee is idle due to extenuating circumstances for equal to or greater than two (2) consecutive hours in one shift, the employee's supervisor will grant ASTHE for the block of time. (The points earned during this period will not be used in the calculation of pay, the points should be struck from the timesheet or electronic timesheet). In order to benefit under this clause, the employee must report the condition to his/her supervisor at the time the condition occurs.

7.22 If an employee is assigned to a group operation on a temporary basis and because of this temporary assignment the experienced employees are prevented temporarily from producing normal earnings, the experienced employees shall be guaranteed their ASTHE for such period of time as may reasonably be required for the temporarily assigned employee to attain normal production. The temporarily assigned employee will be paid according to the wage payment clause applicable to his/her case.

7.23 If the circumstances are such that the assignment of an employee temporarily to a group operation should not be reasonable cause for any decrease in the group output, no guarantee shall be extended.

7.24 a) The Minimum Efficiency Expectation (MEE) for experienced employees shall be 85% efficiency.

b) Maximum earning levels will be 120% efficiency. Employees covered under this plan will remain on their assigned post to the end of the shift unless they have attained a minimum of 100% efficiency for their total work shift (excluding approved time paid at ASTHE).

PAYMENTS APPLYING TO HOURLY-RATED EMPLOYEES

7.25 When an hourly-rated employee is temporarily assigned work other than in his/her regular job, s/he shall be paid as follows:

1. If s/he is assigned to a job on incentive, s/he will be paid the greater of:
 - a) His/her regular job hourly rate, or
 - b) The incentive efficiency s/he produces on the job to which s/he is assigned.
2. If s/he is assigned to an hourly-rated job, s/he will be paid as follows:
 - a) If to a higher hourly-rated job on which s/he has experience and s/he produces at a level of performance required of an experienced employee, s/he will be paid at a rate determined by management which will not be below his/her regular job hourly rate or greater than the hourly rate of the job assigned.
 - b) If to a lower hourly-rated job, s/he will be paid his/her regular job hourly rate.
 - c) If to a job which has no established rate, s/he will be paid his/her regular job hourly rate.

PAYMENT APPLYING TO EXPERIENCED INCENTIVE & HOURLY-RATED EMPLOYEES

7.26 When **an** employee reports for work at his/her scheduled shift time without being notified to the contrary, or reports for **work** at a time requested by his/her supervisor and is assigned **no work** or works for a lesser **period than** four (4) hours because of some **reason** within **the** Company's control, payment shall be made for a minimum of four (4) hours. Incentive employees shall be paid **the MRG (Minimum Rate Guarantee)** if not assigned to **stay** at the plant or if assigned **at** the plant, payment **will** be **per clause 7.20** or 7.21 and hourly-rated employees shall be paid their customary hourly rate. It is understood that reporting for work means the employee is in his/her department ready for **work, or** personal contact is made with the supervisor at his/her scheduled starting time. Any MRG (Minimum Rate Guarantee) paid under this clause will not **be** calculated **in** an employee's **ASTHE**.

An employee shall be considered **to** have been properly notified if such notification is made by the Company no later than one (1) hour before **his/her scheduled starting** time. Reporting for **work** pay will **not** be paid:

- a) When the opportunity **to** work temporarily on suitable **jobs** **is** refused.
- b) When an employee is absent from work for personal reasons not covered by a leave of absence prior to reporting for work.
- c) Where an employee fails to record with his/her supervisor or personnel office his/her current address or telephone number, and therefore, **the** Company is unable to notify him/her not to **report** for work.
- d) In **cases** of stoppage of **work** caused by labour disturbances directly or indirectly within the plant.
- e) In **cases** caused by mechanical or electrical breakdowns where such substantially affect operations in a department **or** plant, catastrophe, fire, or any **cause** beyond **the** Company's control.

7.27 **An** employee **on** the payroll of the Company who is excused by **the** Company solely because of **the** death and funeral of a **parent**, parent-in-law, son, daughter, stillborn **child**, brother, sister, **husband**, wife, grandparents, great-grandparents, brother-in-law, sister-in-law, son-in-law, daughter-in-law, or grandchildren of the employee, or the spouse's grandparents, great-grandparents, brother-in-law and sister-in-law (**the category** of relatives herein specified includes legal and blood relationships, half-relatives, **and** steprelatives **and** foster parent and foster child) **s/he** shall be compensated **as** follows:

- a) Incentive employee **at** his/her **ASTHE**.
- b) Hourly-rated employee, at his/her customary hourly **rate**, for time **so** lost by him/her from his/her regular working schedule within the normal work week by **reason** of such absence, up **to** **three** consecutive **calendar days** for each **such** death **centered** around the funeral for a minimum of twenty-four (24) hours of scheduled work **time off** and pay to a maximum of 36 hours of scheduled **time off** and **pay**. For clarification purposes, if the funeral falls on the Saturday **and** the employee **is** **scheduled** to work, **s/he** is entitled to 36 hours of **scheduled time off** and pay; otherwise, **s/he** is entitled to 24 hours of **scheduled time off** with pay. (**Except that on** the death of **an** employee's registered spouse or dependent child, such **employee** shall be entitled to 36 hours of **scheduled time off** and pay.)

If, however, the funeral is not attended, **s/he** will be paid for lost time on **only** one **of** the above mentioned days.

When a **bereavement** day **falls on a Sunday** (12 hour Core Employees) the employee shall receive 12 hours of **straight** time pay. The twelve hours of **pay** are not reduced when the 21st shift **is** not scheduled. There **will** be **no** re-scheduling of the four hours when the plant **is** on a 20 shift schedule.

This provision **to** apply when it **is** necessary for the employee to make arrangements and/or attend the funeral. If the employee is eligible for any other form of remuneration (exceptions: vacation **and** floaters) **to** which the Company **contributes**, payment shall not be made under this Section for such **day** or **days**. **The appropriate time off** listed above shall be **scheduled** and **taken** immediately following the scheduled vacation or floater.

It is understood that "in-law" relationships will be broken by divorce but not death of the blood relative **who** established the "in-law" relationship, unless and until **the** in-law relative or employee remarries.

7.28 An employee scheduled to take an accounting inventory shall be paid as follows:

- a) Incentive employee at his/her **ASTHE**.
- b) Hourly-rated employee at his/her customary hourly rate.

Seniority employees in the department **who** are qualified will be offered such work from the normally scheduled shift.

Any other employees required shall be scheduled.

Every effort will be made to give an employee three (3) days notice of requirement before the scheduled day of inventory. No overtime premiums shall be **paid** for such work except under clause 6.05 or 6.06 if required.

7.29 An employee who reports for or serves on **jury** duty or subpoenaed witness for the crown shall be compensated the difference between the amount **paid** to him/her for such service as follows:

- a) Incentive employee at his/her **ASTHE**.
- b) Hourly-rated employee at his/her customary rate, for time lost from his/her scheduled work shift due **to** such service, provided:
 - 1) The employee notifies his/her supervisor within twenty-four (**24**) hours **after** the receipt of notice of selection.
 - 2) Furnishes the Company with a written statement signed **by the** appropriate public official which shall contain the dates, time served, and amount paid.
 - 3) Employee must serve **as** a juror or prospective juror four (**4**) or more hours **to** be exempt **from** working his/her daily shift.

Should an employee's scheduled vacation be affected due to his/her selection for **jury** duty or subpoenaed witness for the crown, his/her **supervisor**, upon request will reschedule the employee's vacation.

7.30 1) An employee who is injured or becomes sick in the factory and who is required to obtain treatment at the Health Centre or who is required by the Company to obtain treatment at other **medical** locations, shall be paid only for such time lost during his/her work shift as follows:

- (a) (i) Experienced incentive employees will be paid their **ASTHE**.
- (ii) Learners will be paid their average earnings or **ASTHE** as appropriate in accordance with the learning schedule.
- (b) ~~Hourly-rated~~ employee, at his/her customary hourly rate.

Payment will not be made to an employee receiving such medical treatment outside his/her regular working hours or on days on which s/he does not work.

2) Employees who, due to a blood test are removed from their regular job to another job at the request of the **Medical** Department, and for the purpose of rehabilitation so that they may return to their regular job, shall be compensated for time spent in such rehabilitation as follows:

- (a) (i) Experienced incentive employees at **ASTHE**.
- (ii) Experienced hourly **rated** employees at their **regular** hourly rate.
- (b) (i) Incentive learners at their **ASTHE**.
- (ii) **Hourly** rated learners at the hourly rate of the learning schedule period to which the learner has progressed.

If after an employee is moved from his/her regular job, it is subsequently determined that s/he will not return to his/her regular job, payment per section 2) of this clause is cancelled and the employee shall be paid in accordance with the pertinent clause in Article VII.

An employee who is assigned by the Company during his/her working hours to obtain a blood or audiogram test, or other job-related medical examinations, shall be paid in accordance with 1(a) of this clause if an incentive worker and 1(b) of this clause if an hourly rated worker for the time so lost from his/her normal work shift.

When an employee is assigned at times other than above, she shall be paid for such time by a payment of one (1) hour at his/her customary hourly rate or ASTHE excluding overtime).

WAGE PAYMENTS FOR LEARNERS

7.31

a) Employees Hired Prior to June 1, 2004

For purposes of determining compensation in this Article, all employees are separated into two (2) categories:

Category A - employees with greater than 36 months of service.

Category B - employees with less than or equal to 36 months of service, hired after June 1, 2001.

Except as otherwise provided in clauses 7.30-7.39, when a Category A employee is classified as a learner, all wage payments for which he/she qualifies under this Agreement, will be made at the rates provided in the "Learning Schedules for Transferred Employees Only" at the wage rate schedule for the job he/she is learning.

A Category B employee, whether classified as a learner or a certified employee, has his/her final compensation determined by applying the applicable pay clause in Article 7 of the Agreement first, then applying the applicable experience factor in clause 7.32.

For Category B employees working on an incentive post, incentive efficiency earnings become part of final pay only upon certification or completion of the probationary period, whichever first occurs.

b) Employees Hired On or After June 1, 2004

For purposes of determining compensation in this Article, all employees are separated into two (2) categories:

Category C - employees with greater than 60 months of service.

Category D - employees with less than or equal to 60 months of service.

Except as otherwise provided in clauses 7.30-7.39, when a Category C employee is classified as a learner, all wage payments for which he/she qualifies under this Agreement, will be made at the rates provided in the "Learning Schedules for Transferred Employees Only" at the wage rate schedule for the job he/she is learning.

A Category D employee, whether classified as a learner or a certified employee; has his/her final compensation determined by applying the applicable pay clause in Article 7 of the Agreement first, then applying the applicable experience factor in clause 7.32.

For Category D employees working on an incentive post, incentive efficiency earnings become part of final pay only upon certification or completion of the probationary period, whichever first occurs.

7.32

a) Employees Hired Prior to June 1, 2004

The wage payment schedule for new employees hired by the Company shall be subject to a thirty-six (36) month wage rate progression. Under this progressive scale, an experience factor will be applied to final pay amounts during the first three (3) years of employment according to the following scale:

- (70%) of final pay for the first 1040 worked hours of accrued active employment;
- (75%) of final pay for 1041 to 2080 worked hours of accrued active employment;
- (80%) of final pay for 2081 to 3120 worked hours of accrued active employment;
- (85%) of final pay for 3121 to 4160 worked hours of accrued active employment;
- (90%) of final pay for 4161 to 5200 worked hours of accrued active employment;
- (95%) of final pay for 5201 to 6240 worked hours of accrued active employment;

At the completion of the 6240 worked hours of employment, the experience factor will be set at 100% and will remain at this level for the remainder of the employees' full time active employment. Changes in the experience factor will be made with the **start** of the first pay period week following completion of each subsequent period of 1040 worked hours of employment.

Final **pay** as defined in this agreement is the sum of all elements that determine an employees hourly rate of **pay** which include, but are not limited to such factors as: job level, incentive efficiency, shift premium, handover **and** COLA.

The incremental wage rate progression schedule described herein applies to all plant bargaining unit job classifications with the exception of those jobs covered under the multi-skilled wage payment rate schedules **and** Powerhouse operators wage payment rate schedules.

If, during the life of the Agreement, the Company determines that the seventy percent **(70%)** starting pay rate is inadequate to attract new employees, at its own discretion, it may raise said rate and adjust the 1040 worked hours rate proportionally over the 6240 worked hours progression schedule. Should such an increase be made, the same level **of** adjustment shall also be made to rates of new employees already in the progression schedule.

The experience factor for new employees within the incremental wage progression scale described herein shall also be applied **to** all wage payment made for the time not worked, including holidays, bereavement, jury duty, floaters, etc..., wherever an average hourly earnings or **ASTHE** is applicable under the terms of the agreement.

b) Employees Hired On or After June 1, 2004

The wage payment schedule for new employees hired by the Company shall be subject to a **sixty (60)** month wage rate progression. Under this progressive scale, an experience factor will be applied **to final** pay amounts during the first **five (5)** years of employment according to the following scale:

- **(70%)** of final pay for the first 12 months of employment;
- **(75%) of** final pay for months 13 through 24 inclusive;
- **(80%)** of final pay for months 25 through 36 inclusive;
- **(85%)** of final pay for months 37 through 48 inclusive;
- **(90%)** of final pay for months 49 through 54 inclusive;
- **(95%) of** final pay for months 55 through 60 inclusive.

At the beginning of the 61st month of employment, the experience factor will be set at 100% **and** will remain at this level for the remainder of the employees' tenure. Changes in the experience factor will be made with the **start** of the first pay period week following completion of each period of employment outlined above.

Final **pay** as defined in this agreement is the sum of all elements that determine an **employees** hourly rate of pay which include, but are not limited to such factors **as**: job level, **incentive efficiency, shift premium, handover and COLA.**

The incremental wage rate progression schedule described herein applies to all plant bargaining unit job classifications with the exception of those jobs covered under the multi-skilled wage payment rate schedules **and** Powerhouse operators wage payment rate schedules.

If, during the life **of** the Agreement, the Company determines that the seventy percent **(70%)** starting pay **rate** is inadequate to attract new employees, at its own discretion, it may raise said rate and adjust the **12 month rate proportionally over the 60 month** progression schedule. Should such an increase be made, the same level of adjustment shall also be made **to** rates of new employees already in the progression schedule.

The experience factor for new employees within the incremental wage progression scale described herein shall also be applied to all wage payment made for the time not worked, including holidays, bereavement, jury duty, floaters, etc..., wherever **an** average hourly earnings or **ASTHE** is applicable under the **terms** of the agreement.

c) The new hire wage rate progression schedule described herein applies to all plant bargaining unit job classifications with the following exception, Maintenance/Multiskill Job classifications

7.33 When an employee is classified as a learner because s/he is transferred from his/her former job when **no work is** available, to equalize hours, to fulfil seniority requirements, or at his/her **own** option, **s/he** will if **s/he has 520 hours or more** of credited service be paid in accordance **with the** learning schedule for transferred employees. **Transferred employees may move to** experienced rate upon completion of full learning schedule **period** or **certification** whichever occurs first.

7.34 When an employee is classified as a learner because **s/he** is transferred at management's request and there is **work remaining** available on the job from which **s/he** transfers, s/he shall be paid as follows:

- (a) If s/he **is** transferred to a job on incentive, s/he shall be paid **according to the efficiency level s/he attains** except that s/he shall be guaranteed his/her former **ASTHE** or his/her former regular job hourly **rate** for a period **not to** exceed the learning period of the job to which s/he is transferred.
- (b) If s/he is transferred to a higher hourly-rated job, s/he shall be paid in accordance with the learning schedule of **that** job, but shall be guaranteed his/her former **ASTHE** or his/her former regular job hourly **rate** for a period **not to** exceed the learning period of the job to which s/he is transferred.

7.35 A learner **who** reports for or serves on jury duty or subpoenaed witness for the crown shall be compensated for the time lost **from** his/her **scheduled** work shift for such service, the difference **between** the **amount paid to** him/her for such service and the payment s/he would have received **as** a learner had s/he worked such time, provided:

- (a) The employee notifies his/her supervisor within twenty-four **(24)** hours after the receipt **of notice** of selection.
- (b) Furnishes the Company with a written **statement signed** by the appropriate public official which shall contain **the dates**, time served, **and** the amount paid.

Employee **must serve** as a juror or prospective juror four **(4)** or more hours **to** be exempt **from** working his/her daily shift.

Should an employee's scheduled vacation be affected **due to** his/her selection for jury duty or subpoenaed **witness** for the crown, his/her supervisor, upon request, will reschedule **the** employee's vacation.

7.36 When a learner is temporarily **assigned** work other than which **s/he is** learning, **s/he** shall be paid as follows:

- (a) If **s/he is assigned to an** incentive job on which **s/he** has qualified experience **and s/he** produces a level of performance required of an experienced employee, **s/he** shall be paid **according to the efficiency level s/he attains or ASTHE whichever is higher**. If **s/he** lacks experience on the incentive job, s/he shall be paid **the** learning schedule guarantee of the **job from** which **s/he is** temporarily assigned or the **learning schedule guarantee** of the **job to which s/he is assigned**, whichever is higher,
- (b) If **s/he is assigned to an hourly-rated** job on which **s/he** has qualified experience and **s/he** produces a level of performance required of an experienced employee, **s/he** shall be **paid** the hourly **rate** of the **job**. If **s/he lacks** experience on the hourly-rated job, to which **s/he** is assigned, s/he shall be paid **the** learning schedule **guarantee** of the **job from** which **s/he** is assigned, or the **learning schedule** guarantee for the **hourly-rated** job, whichever is higher.

7.37 When a learner is moved or **loaned by** the **Company** to another job during his/her learning period, **s/he** shall be **credited with the amount of learning shifts already served on the original job toward the new job**. **The combined training period/payment shall be no greater than the lesser of the two learning schedules**, **Any** additional training will be paid **at the experienced rate of the job**.

**PAYMENTS APPLYING TO LEARNERS ,SPECIAL TEACHERS,
AND EXPERIENCED EMPLOYEES WHEN LEARNERS ARE EMPLOYED
IN SINGLE OR GROUP OPERATIONS**

7.38 When learners are employed in single or group operations, payments shall conform to the policy relative to the payment of learners, special teachers, and experienced employees in groups which is as follows:

1. (a) Learner working on an individual operation on which a special teacher has been designated.
 - (i) Production and hours shall be reported on a group time sheet.
 - (ii) The special teacher shall be guaranteed their **ASTHE**.
 - (iii) The learner shall be paid the applicable learning schedule of the **job**.
- (b) In a group operation where a learner or learners are working with an experienced employee(s):
 - (i) A group timesheet shall be used to report hours and production.
 - (ii) The experience employee(s) shall be designated as the special teacher(s) and shall be paid his/her **ASTHE**.
 - (iii) The learner or learners shall be paid the applicable learning schedule of the Job and may move to the experienced rate upon completion of the full learning schedule period or certification, whichever occurs first. (Incrementally paid employees at applicable percentage).

7.39 Learning schedules as expressed in this Article shall mean where such are in effect.

**SPECIAL ALLOWANCE FOR INCENTIVE
AND HOURLY-RATED EMPLOYEES**

7.40 (a) All employees are entitled to a wash-up time to be taken five (5) minutes prior to the end of their normal shift unless on a designated continuous running operation where clause 7.13 (c) will apply.

(b) An employee who is assigned to an excessively dirty job, or working with designated substances, will be permitted time off for wash-up. It is understood that the Company will exercise the primary control of the time and Occurrence of this payment.

7.41 No full-time or part-time supervisor or salaried employee shall normally perform work that would be done by employees within the bargaining unit.

ARTICLE VIII
SENIORITY

8.02 (b) Employees who are subject to recall will notify the Personnel Office.

8.07 An employee shall have job seniority when s/he completes three (3) months of continuous credited service on the job on which s/he is hired or to which s/he is transferred, at which time his/her credited service shall be deemed to be his/her job seniority. An employee who is transferred to replace an employee on leave of absence under Clause 10.06 shall be considered an employee on loan for such period.

8.09 Notwithstanding Clause 8.07 and 8.08, an employee who has job seniority and who is bumped/displaced in accordance with Clause 8.11 and the job on which s/he had job seniority becomes open within two years from the date of his/her bump/displacement from such job shall return to his/her job provided no employee has prior rights under Clause 8.13. The employee who thus returns shall be credited with his/her job seniority on such job as of his/her date of return. This Clause shall not apply where an employee is bumped/displaced under 8.11 and exercises job progression or transfers under 8.19 within the two (2) years herein specified.

8.10 An employee shall have residence rights when s/he completes three (3) months of continuous credited service in the department in which s/he is hired or to which s/he is transferred.

8.11 If it becomes necessary to lay-off employees, in a job classification, employees who have no plant seniority will be laid off first. If after the layoff of such employees a further layoff is necessary, then employees the least amount of credited service, in the affected classifications, will be laid off in accordance with their seniority as outlined in "The Procedure".

For the purpose of layoff, there are two (2) types of jobs:

- (1) Classified
- (2) General

which are listed under a supplemental agreement. In accordance with the following procedure, an employee who is subject to layoff from his/her job will displace/bump the employee with the least amount of credited service, among those employees who have less credited service.

An employee must have "qualified experience" on a classified job in order to exercise any bumping rights on such job. "Qualified experience" shall mean that the employee has worked on the job or similar jobs as defined in this Clause, and providing that his/her productivity is equivalent to that of an average employee on such job or jobs.

An employee who is subject to layoff in a group operation and who has qualified experience on more than one job in such group, and provided s/he has job seniority on a job within the group, shall first displace/bump an employee in the group in the reverse order of "job progression" (which are listed under a supplemental agreement) for such group but shall not displace/bump an employee with more credited service. Failing placement in the p u p, s/he shall follow "The Procedure".

Application of the procedures laid down in Clause 6.02 of Article VI are to be made in conjunction with layoffs under Article VIII of this agreement.

The Company and Union agree:

- (a) to review and update all general and classified jobs before December 31, 2004; and
- (b) all revised job progressions will be developed by the Steward and Department Manager and then approved and signed by the Union President and Manager Labour Relations or their designates prior to implementation.
- (c) the Union shall have the right to conduct a departmental vote on job progression or lateral transfers in the following departments: Mixing, Curling and Floor Space - this will be concluded no later than January 2005.

THE PROCEDURE

- A.** An employee in the department who has at least three months of credited service, but less **than** two years of credited service shall, in the event of layoff, **displace/bump** employees with less credited service in **the** following order:
- 1) On classified **jobs** in the department.
 - 2) On classified **jobs** in the division.
- B.** An employee in the department who has two years or more of credited **service** shall, in the **event** of layoff, **displace/bump** employees with less credited service **in** the following order:
- 1) **On** classified **jobs** in the department.
 - 2) On general jobs in **the** department.
 - 3) **On** classified **jobs** in the division.
 - 4) **On** general **jobs** in the division.
- C.** When an employee **with** two years or more of credited service has exhausted **his/her** rights under the foregoing procedures in this clause and would otherwise be **laid** off, **s/he** shall **displace/bump** the employee with the least credited service in the **following** order:
1. On classified **jobs** in the plant.
 2. **On** general jobs in the plant.
- D.** Notwithstanding the foregoing, the parties may **by** mutual agreement **permit** an employee **who** would **displace/bump** an employee with the least amount of credited service on a general job, to **displace/bump** any employee with less credited service than **s/he has** on a general **job**.

For the purpose of this clause, departments are grouped in the following divisions:

I	Mixing	Department	64521
	Extruding		64533
	Calendering		64531
	Receiving and Raw Stores		64141
	Cement House		64523
	Physical Testing Laboratory		64151
II	Tire Preparation		64541
	Tire Building		64551
III	Tire Curing		64561
	Final Finish		64571
	Quality Assurance		64943
IV	Maintenance		64131
	Power House		64133
	Floor Space		64135
V	Warehouse		83511

8.13 An employee on layoff who has recall rights shall be recalled to job vacancies by the application ~~of~~ the reverse procedure of layoff as set forth in Clause 8.11. **If within two years, an employee who has been displaced/bumped** under Clause 8.11, and is not located on the job on which s/he has job seniority at the time of a vacancy occurring on a job on which s/he has qualified experience, shall be returned to such vacancy in line with his/her credited service before any move under job progression or application under Clause 8.19 is honoured.

When a job vacancy occurs on a general job in the plant, the employee amongst those with at least three (3) months credited service on layoff from the plant, with the ~~most~~ credited service, shall be recalled to the said vacancy.

8.14 Before hiring a new employee, the Company will recall all qualified employees who are on layoff with recall rights.

8.15 An employee who has three or more months of credited service at time of layoff and who is rehired to a job other than the job from which s/he was laid ~~off~~, shall be considered a transferred employee,

8.21 When an operation or group of operations is transferred to another department and the employee is transferred with the operation or equipment, time spent on the job and in the department from which transfer occurs shall be deemed to be time spent in the department to which s/he is transferred. If removed from the operation or equipment before s/he establishes either job seniority/or residence rights, s/he shall have the status of a regular transferred employee as of the date of transfer into the new department.

8.22 Where a department or an operation within a department is permanently discontinued, the employee who is not placed under Clause 8.11 shall be transferred on the basis of his/her credited service to a vacancy which is not filled by job progression where such is in effect and for which no one has recall rights under Clause 8.13.

If there is no vacancy, s/he may displace/bump the employee with the least credited service in the same division on work for which s/he is qualified and capable of performing, providing s/he has more credited service than such employee.

An employee who is transferred because of reclassification shall have their service on the job to which s/he is transferred as of the date of transfer.

Where an operation, group of operations or department has been classified as discontinued and same is subsequently reinstated, employees who have been displaced/bumped from such shall be given the opportunity of returning on the basis of seniority provided less than two (2) years has elapsed from the date of such displacement/bump.

8.23 Employees may be returned from supervisory or salaried employment to the bargaining unit at the discretion of the Company under the following conditions:

- 1) Employees who have transferred from the bargaining unit to supervisory or salaried employment must be resident within the "Kitchener" plant in order to be eligible to return to the bargaining unit.
- 2) Employees who have transferred from the bargaining unit to a supervisory or salaried position and who have:
 - a) up to 12 months service in a salaried position shall return to the job where they had job seniority at the time of their transfer but shall not displace employees who have more credited service. If such job has been eliminated they shall be placed in accordance with Clause 8.11.

- b) greater than 12 months service up to 24 months service in a salaried position shall return to the **lowest** seniority job, first, in the department from which **they** came and second, in the plant, but shall not displace employees **who** have **more** credited service.
- c) greater than twenty-four **(24)** months will no longer be eligible to return to the bargaining unit.

Time spent on supervisory or salaried employment shall be credited in (a) above to the department and **job** where they held job seniority at time of transfer and in (b) above to the department and job on which they are placed.

If placed under Clause 8.11, **they** will be immediately credited with their prior credited service in **the** bargaining unit and upon completion of three (3) **months** service in accordance **with** Clause 8.10, will be credited with the service attained on supervisory or salaried employment.

Supervisory or salaried employees returned to the bargaining unit per the **above** will not result in the layoff of a bargaining unit employee.

8.19 a Green tire painter

8.19 When an employee with one (1) year of Company service, (**exception of Green Tire Painter, who can transfer after attaining six (6) months of Company service**), wishes to transfer **from** his job to a similar job or to **another** job within **the** bargaining unit, **s/he** shall make a written application for such job to his/her department/area manager.

When **an** employee resigns, is discharged, or **an** opening **occurs** due to transfer, the original vacancy only will be posted in the department in which **such** vacancy **occurs** and in the main entrance for seven **(7)** days from the end of **the** shift such notification is given (exclusive of holidays) before being **filled**. **After this seven-day (7-day) period, the job** will be closed off. **Any** transfers received **after** the aforementioned period of time will not be honoured. The application must contain the date and time of the day it is received by the supervisor. **The** department/area manager will, within one working **day**, forward **the application to the Personnel** Department.

The remainder of Clause 8.19 remains unchanged.

NEW LETTER 8.25 c

Replaces **current 8.25c** language

It is agreed that the objective of the program is to assist in the rehabilitation of employees, **who** are considered to be temporarily or permanently medically disabled as the result **of** an occupational or non-occupational injury/illness.

The Company and the Union agree that this program is not structured to facilitate the placement of employees at the time of initial injury. Rather, it is agreed and understood that the program is to facilitate disabled employees after maximum medical recovery has been made and the physical and psychological restrictions have been identified by the medical profession or if a return to work **is** recommended by a medical professional.

The priorities of the parties in returning injured employees to work are:

1. Where appropriate the injured employee is returned to his/her regular pre-injury job.
2. As required, reasonable accommodations to the pre-injury job are considered.
3. If the employee is unable to return **to** the pre-injury job, other available jobs that the employee can perform the essential duties or with reasonable accommodation are considered.
4. Assignments that provide meaningful work on a temporary basis pending permanent placement and/or attainment of maximum medical recovery.

In meeting these priorities, it is the responsibility of the employee to co-operate, maintain contact and participate in an early return to work.

i. Administration of the Program

- a. **A** committee, known as the "Return to Work Committee" shall meet monthly, or more often if required, and will be comprised of the following:

- 1) **A** representative of the Union WSIB Committee
- 2) An additional representative **as** designated by the Union
- 3) **A** company representative of the Disability Management Team
- 4) **A** Medical Centre representative, where appropriate
- 5) An SP Department representative

Periodically, the SP Department Manager and/or the **Labour** Relations Manager and/or the Disability Manager, and/or **Union** President or delegate may attend meetings of the "Return to Work Committee".

- b. Employee participants shall attend the monthly "Return to Work Committee" meetings as instructed by same, for the purpose of reviewing return to work opportunities and responsibilities in keeping with the priorities as set out above.
- c. Employee participants, previously placed by the "Return to Work Committee" shall be invited to attend meetings for the purpose of reviewing progress on return to work initiatives or to advise the "Return to Work Committee" of any change in his/her medical capabilities.
- d. Employee participants are responsible for the timely completion of a "Functional Abilities Form" **as** supplied by the Medical Centre.

2. Functions of the Return to Work Committee

- a. The “Return to Work Committee” shall review the medical restrictions of program participants.
- b. The SP Department representative shall advise the “Return to Work Committee” of available ~~work~~ opportunities, Job post vacancies expected in the next two months or any department workforce decreases where injured employees are assigned, shall also be brought to the attention of the “Return to **Work** Committee”.
- c. The “Return to Work Committee” shall assign employee participants pursuant to the priorities outlined in clause **8.25 4 b).**
- d. The “Return to Work Committee” shall conduct follow up reviews with program participants to assess the success of a work trial, review of documented difficulties provided by the employee, and impact ~~of~~ the assignment on operational requirements.
- e. A copy ~~of~~ the “Return **to** Work Committee” monthly meeting minutes shall be provided to the SP Department Manager and the Union President.

3. Conditions of the Program

- a. Disabled employees must provide medical documentation to be eligible for program participation
- b. All conditions set forth under this program shall be fully explained to the employee during the initial meeting with the “Return **to** Work Committee” ~~with~~ emphasis placed on the employee’s self-monitoring role during **any** assessment period.
- c. Employees ~~must~~ swipe in and out during work trials.
- d. At any time during the program ~~the~~ employee decides to **return to** full regular duties, ~~s/he~~ may do **so** provided medical clearance is **obtained**. In such instances, the employee shall notify the “Return to Work **Committee**”.
- e. Disabled employees who enter this program shall be deemed applicants to any **job** post vacancy that arises while **a** participant is in the program. In such cases, the relevant clauses of the Collective **Labour** Agreement shall **be** followed.
- f. Program participants shall not cause an increase to the workforce, except with the express consent of the Company.
- g. ,In the event of **a** decrease in the workforce, all provisions ~~of~~ Article **VIII** of the Collective Labour Agreement shall apply to program participants. Accordingly, junior employees participating in this program shall be laid ~~off~~ in order ~~of~~ service.

- h. In the event of a layoff, the “Return to Work Committee” shall assist the disabled employee as much as possible in dealings with the Worker’s Safety Insurance Board any other such agencies **as** required.

ARTICLE IX PLANT MANAGEMENT

9.03 Discipline Clarification

9.03 A record card covering each **year** of an employee’s service is maintained for the purpose of recording his/her attendance, performance, and miscellaneous pertinent facts concerning his/her work record. No derogatory notation **may** be placed on his/her card without first notifying the employee concerned. In the event of a grievance regarding disciplinary action, a copy of said record card and attachments to the record card which pertain to discipline will be provided to the Union **upon** the written permission of the subject employee.

Any “coaching” or “discussion” comments on an employee’s “Annual Record Card” shall not be viewed as derogatory in nature and shall not disqualify the employee from consideration for any specialized job vacancies. As such, “coaching” or “discussion” comments shall not prompt an “Unsatisfactory” rating on the “Annual Record Card”.

Furthermore, a “Requires Improvement” rating resulting from “coaching” or “discussion” comments shall not disqualify an employee from consideration for any specialized job vacancy.

The Company shall take the **opportunity** at every employee “Annual Record Card” review to outline work performance expectations.

Any subsequent requirement to remind employees of work performance expectations shall be recorded on the “Annual Record Card” **as a** counseling notation and shall be deemed to be disciplinary in nature. A record of employee **“counseling”** on the “Annual Record Card” shall normally result in an **“Unsatisfactory”** rating.

An **“Unsatisfactory”** rating on an employee’s “Annual Record Card” shall negatively impact an employee’s consideration for any specialized **job** vacancy.

9.10 a JHSC Language

9.10 Joint Health and Safety Committee

- (a) A Joint Occupational Health & Safety Committee shall be appointed consisting **of** up to ten **(10)** individuals; up to **five (5)** representing the employer and selected by the Company and up to five **(5)** representing the workers and selected **by** the Union. Each party will designate an individual from their representatives on the Committee to provide for co-chairmanship. Additionally, the parties may each designate up to two alternate representatives to serve on the Committee in the temporary absence of regular representatives.

- 9.10 (c) (iii) To investigate promptly all critical and serious accidents and **any** unsafe conditions or practices which may be reported **to** it;

9.10 (c) xi Ergonomic Committee Language

- (i) The **Union may** designate **two** members of the Joint Health & Safety **Committee** (JHSC) to participate **with two** members of management in the identification, assessment and control **of** ergonomic hazards in the workplace **as** an Ergonomic Committee. This committee shall participate in **the** following activities;
- (i) Incorporation of ergonomics into new equipment,
 - (ii) Determining trends in occupational illness resulting from workplace design hazards,
 - (iii) Investigating and following up with occupational illnesses resulting **from** ergonomic factors,
 - (iv) Making recommendations concerning ergonomic improvements and
 - (v) Explore, and present to JHSC, opportunities for job rotation **that will** even the workload and/or allow utilization of **varying** major muscle **groups** when performing the different operations.
 - (vi) Provide information back to the JHSC regarding ergonomic matters.

The Company will provide training for this designated member in order to carry out this role.

ARTICLE XI VACATIONS

Add to current clause

11.04 The Union shall be provided **not** later than February 7th of the vacation year, a copy of those employees who elect **to** take pay in lieu of vacation. The ~~listing~~ shall **be** the best, most current **information** available.

APPENDIX D – SKILLED TRADES

Tool Allowance

The **Company will** provide, **upon** proof **of** purchase, **a tool** allowance **of \$200** per year **to** each **tradesperson and** powerhouse employee for the purchase of **new** and/or broken tools.

Lateral Transfer Procedure

3. **The** above vacancy will be **identified** after the completion of the department lateral transfer procedure referred **to** in Letter **#14** has been completed.

Powerhouse License Fees

The company shall pay powerhouse license fee.

AMENDMENT TO APPENDIX D - MAINTENANCE

CONTRACTING OUT

A. COMMITMENT

The Company commitment has been, and will continue **to be, to use** our own skilled craft employees for maintenance, installation work, and other mechanical type work. It is not the **intent** of the Company to use outside contractors in a way that results **In** the loss of employment **for** any technical maintenance employee.

It is recognized, however, that while our concern is for our **own** employees, prudent business decisions require the use of outside contractors to ensure **efficient** plant operations. Management's decision process regarding the use of outside contractors is based on factors which include availability of manpower **with** the necessary training, ability and skills; availability of necessary equipment; reasonably **competitive** cost; and applicable warranties and guarantees at no **additional** cost **to** the Company.

Subject to the provisions of this section, present practices concerning outside contractors at each local plant shall continue unless changed by mutual agreement at the **local level**.

B. QUARTERLY REVIEWS

The Company and the Union will meet four times per year for the purpose **of** reviewing the use of outside contracting. These meetings will be conducted in February, May, August, and November. Alternatives to this schedule may be agreed upon.

The **participants** will be limited **to** no more than 3 representatives from the Union and 3 representatives **from** the Company including the Technical (or Maintenance) Manager. An **agenda** will be provided **1** week prior to each meeting and agreed between the Labour Relations Manager and the Union President, or their designates. The agenda will **include** (but not be limited to) the **following**:

- 1) Company maintenance business update **presentation**.
- 2) Union presentation on review of last **quarter's** contract **activities**.
- 3) Data **on** what skilled trades **work** has been contracted **out since** the last meeting.
- 4) Review upcoming projects likely to **be** contracted.
- 5) Identify those circumstances where procedures or **practices** could promote the performance of such work **by** bargaining unit employees. Both parties will give good faith consideration **to** suggestions **on** how to maximize **this work** performed by **Bargaining Unit** employees **in** the future.

Within **two** weeks after each meeting, summary notes including Company and Union **presentations** will be provided to the Labour Relations Manager and the local Union President.

C. CONTRACTING REVIEW

The Union President may request, with at least 1 week written notice **to** the Labour Relations Manager or his designate, to review the recent **activity** on outside contracting **with** the Technical (or Maintenance) Manager or his designate.

D. NOTICE AND INFORMATION

When the Company makes the decision **to** contract **out** maintenance work on site, the Company will verbally and **in** writing notify the designated Union representative, Notifications will **be** required for **on** site work only. For all **on site** projects in excess of \$25,000, notice will be **given** at least **5 days** in advance of the Company entering **into** any agreement or arrangement with the outside contractor, For all other on site projects, excluding emergencies, such notice **will** be in advance of the work commencing. For emergencies which prevent advance notice, **such** notice will be provided **as soon as** practical.

E. INTERIM MEETING

Review of outside contracting is an appropriate subject for Interim Meetings and subject to the provisions New Letter **22**

Delete Letter **12**

Letter 17 REPLACEMENT POOL LANGUAGE

Letter 17 - Replacement Pool

- Definition: A pool of employees shall be established to fill positions which are temporarily vacant due to such things as:
- a) seasonal peaks in shipping demands
 - b) abnormal absence levels due to sickness, accidents, Workers Compensation, leaves of absence, etc., beyond planned replacement coverage
 - c) **attrition management – When an employee whose transfer has been honoured, is held on the job from which s/he has made transfer for a period of time equal to the learning schedule of such job, but not exceeding two months from the date on which the transfer was honoured, a pool employee may be used to fill such vacancy until the awarded employee is transferred.**
 - d) other temporary peaks in production requirements
- Hours of Work: The hours of work for replacement employees will be scheduled as per 6.01 and the Exceptional Shift Schedules Letter #13.
- Wage Rates: Replacement employees will be paid according to the experience rate factors represented in clause 7.31/7.32 -Incremental Hiring Rates. When replacement employees are not assigned to a specific job class, group level 2 rate at the applicable experience factor will apply (clause 7.32). Replacement employees are not eligible for the **Curing** Efficiency bonus.
- Stat. Holiday Pay: Replacement employees will be eligible for Stat. Holiday(s) as specified in the Employment Standards Act per the provisions of Clause 6.09.
- Overtime: Replacement employees shall receive overtime rates of pay per clause 6.05. Regular full-time employees will first be offered any available overtime.
- Probationary Period: Replacement employees are subject to the same **conditions of** employment as probationary employees. The probationary period for replacement employees is 520 hours worked, excluding overtime.
- Seniority: Within the replacement pool, seniority is accrued through hours worked in the plant. A separate seniority list with job qualifications for replacement employees will be available. The most senior qualified replacement employees will be selected for the temporary assignment.
- Replacement employees are not eligible under any of the provisions of Article VIII - Seniority.

Benefits:	<p>Replacement employees will be eligible for the following benefits at the following level of hours worked, excluding overtime:</p> <ol style="list-style-type: none"> 1) Safety Shoes - 520 hours worked 2) Prescription Drugs (under Article VI, 6.01(e) and 6.02) - 2080 hours worked for employees hired prior to June 1, 2004 or 4160 hours worked for employees hired on or after June 1, 2004. 3) Supplementary Health (under Article VI, 6.01 and 6.02)- 4160 hours worked 4) Pension - qualifications as per the Ontario Pension Benefits Act
S.U.B.	Replacement employees are ineligible for S.U.B.
Maximum Number	Replacement employees working in the plant at any given time will be limited to no more than 50 people. Outside the summer period of 15 April to 15 September, summer students are included in the limit of 50 people.
Qualification for Permanent Positions	The most senior replacement employee who met the company hiring criteria will be hired for permanent production openings.

2004 KIT/USWA NEGOTIATIONS
Company Proposal – 19 August 2004

August 18, 2004

Mr. Wayne Fraser, Director
USWA District 6
200 Ronson Drive
Suite 300
Etobicoke, **Ontario**
Canada M9W 5Z9

Mr. ~~Larry~~ Jackson
United Steelworkers of America
Five Gateway Center
Pittsburgh, **PA 15222**

Re: Security

Dear ~~Messrs.~~ Fraser and Jackson:

The purpose of this letter is to confirm specified commitments that are made by the Company concerning **the** business and employment security of the BFGoodrich Tire Manufacturing plants covered by the **2004** Agreements.

1. Plant and Product Protection

A. Protected Facilities

The Company agrees that the Tuscaloosa, Fort Wayne, **Opelika** and Kitchener manufacturing facilities shall be designated **as** Protected Facilities for purposes of **the** 2004 Agreements and that commitments outlined in this letter shall apply to these Protected Facilities.

B. No Plant Closure

The Company agrees that no plant closure will occur at the **Tuscaloosa**, Fort Wayne, **Opelika** or Kitchener facilities during the life of the 2004 Agreements.

C. Minimum Staffing Level

The Company agrees that the Tuscaloosa, Fort Wayne, **Opelika** and Kitchener facilities **shall** maintain a minimum **of** 90% of the regular full time bargaining unit enrollment **as** of May **1, 2004**, net of implementation of productivity improvements contained in **the** 2004 agreements. **No** reduction **from** current staffing levels shall **occur** except **by** normal attrition. Existing practices **concerning** inventory adjustments will **continue**.

D. Skilled Craft Security

The Company commits to maximize the skilled craft work by bargaining unit employees, thus ensuring no loss of employment for any technical maintenance employee due to the use of contractors. To ensure this commitment, the Company agrees to maintain a staffing level of 95% of the total technical maintenance workforce at each location as of May 1, 2004.

E. Product Development/Capital Spending

The Company agrees that it intends to re-position the Tuscaloosa, Fort Wayne, Opelika, and Kitchener facilities to materially increase their production of higher-margin, larger, branded tires and that over the life of the 2004 Agreements it will make capital expenditures and take other necessary steps to materially increase the flexibility to manufacture these tires at the Tuscaloosa, Fort Wayne, Opelika and Kitchener facilities.

The minimum level of capital expenditures over the life of the Agreements shall be \$150 million, with the understanding that the actual amount of capital expenditures required to accomplish the commitment outlined above could meaningfully exceed this minimum level. The precise allocation of such spending between the Facilities and during each calendar year of the Agreements shall be determined solely by the Company, provided that each facility will be apportioned investment share sufficient to achieve the objectives stated in this Agreement. A material portion of the spending shall take place in each calendar year covered by the Agreements.

F. Ticket Protection

The Company agrees that the Tuscaloosa, Fort Wayne, Opelika and Kitchener facilities will continue to produce at least 90% of their ticket or tonnage as of May 1, 2004, during the life of the 2004 Agreements.

G. Duration

The commitments set forth in this letter shall remain in effect for the life of the 2004 Agreements, unless compliance in part or in whole becomes no longer feasible due to an Act of God. Otherwise, these provisions shall remain applicable regardless of any reported business loss by the Company or any division or subsidiary or plant thereof.

H. Information

The Company shall, on a semi-annual basis at the interim meetings between the parties, provide the Union with a report documenting its compliance with this letter and shall, upon request, provide the Union with any information reasonably requested that allows the Union to monitor such compliance.

2. For purposes of this letter, “the Company” refers to “BFGoodrich Tire Manufacturing, a division of Michelin North America, Inc.” and/or “BFGoodrich Tire Manufacturing, a division of Michelin North America (Canada) Inc.”

Respectfully,

BFGOODRICH TIRE MANUFACTURING

D. D. Lowe
VP Labor & Employee Relations

EMPLOYEE ASSISTANCE PROGRAM

The Company and the Union wish to foster and maintain an attitude of assistance towards personal problems encountered by the employees of the Kitchener Plant, and members of their immediate families. Therefore, the Company and the Union support the continuation of the Employee Assistance Program.

The Company shall ensure that the EAP representatives will be given the opportunity to attend training and education courses related to the EAP program, at no cost to the representatives. The Company shall review and approve such training and educational courses.

The EAP does not in any way alter the rights of the parties, The Company maintains the right to establish standards of performance and to administer and exercise established disciplinary policy distinct from the EAP. The Union maintains its right to ensure the fair and equitable treatment of its members and to protect their rights in accordance with the established grievance procedure.

The EAP representative and a Company representative responsible for monitoring the EAP Program will meet on a quarterly basis to review statistical information for the purpose of program evaluation, reports, and effectiveness.

All matters relating to the EAP program will be kept in the strictest confidence.

July 22, 2004

Mr. M. Warren
President, Local 677
United Steelworkers of America
BFGoodrich
Kitchener Plant

Dear Mr. Warren:

Ontario Pay Equity Plan

This letter notifies Local 677, USWA of the Company's intention to review and revise as necessary the Pay Equity Plan and posting for female dominated job classifications in the bargaining unit, as described in the Pay Equity Act, Ontario.

Sincerely,
BFGoodrich

B. Brown
Labour Relations Manager

July 22, 2004

Mr. M. Warren
President, Local 677
United Steelworkers of America
BFGoodrich
Kitchener Plant

Dear Mr. Warren:

Canada Federal Contractor Compliance Program

This letter notifies Local 677, USWA of the Company's intention to conduct a confidential Employment Equity survey of bargaining unit employees consistent with the Canada Federal Contractor Compliance Program. The survey will allow employees to self-identify on the basis of one of the four Designated Groups described in the legislation.

Sincerely,
BFGoodrich

B. Brown
Labour Relations Manager

NEW LETTER 21

Kitchener Incentive Pay Plan Methodology

Index:

1. Purpose
2. Definitions
3. Standards & Key Elements
4. Exceptions
5. Pay Curves
- 6. Fatigue**
7. Miscellaneous

1. Purpose:

The purpose of an incentive pay system is to offer **employees** the opportunity to earn higher than average wages based on increased production output.

2. Definitions:

- a. Foreign Elements (FE): A foreign element is an element that occurs independent of production. For example, filling out a verification sheet, recording production, etc. FE time is expressed in **minutes**.
- b. Time Calculated Production (TCP): Time Calculated Production is **the** time available at a given post in which **work** can be performed. It is determined **by a company job** evaluation specialist. It will respect all aspects of the CLA. It allows for breaks, lunch, and fatigue. TCP is expressed in minutes.
- c. Time Per Unit (TPU): The time required by a qualified, trained operator following the sequence model parameter (prescribed in **MOST**) and specifications working under normal conditions at a **normal** Maynard **120 pace to properly complete a unit of** production. Machine or process **times** are **at real time or 100 pace**. **Times** to be derived using **MOST** Work Measurement systems.

- d. Incentive Production Level (IPL): The level of production obtained during a shift by an operator working 100% of the TCP with a 100% workload at **Maynard** 120 pace.

Foreign elements can be paid as a separate unit of production or deducted from the TCP. In the latter case, IPL is

$$\text{IPL} = (\text{TCP} - \text{FE}) / \text{TPU Units per shift}$$

IPL is rounded to three decimal places.

- e. Points Per Unit (PPU): Points per unit are determined by dividing the IPL into the appropriate points per shift. The system is based on 100 points per hour, so 800 points per 8 hour shift and 1200 points per 12 hour shift. (100% efficiency)

$$\text{PPU} = 800/\text{IPL} \text{ or } \text{PPU} = 1200/\text{IPL} \text{ Points per Unit.}$$

PPU is rounded to three decimal places.

- f. Incentive Production Level Rate (IPLR): The rate earned by an operator working at IPL for an entire shift (100% efficiency)(see pay tables, subject to wage and COLA increases)

- g. Individual Incentive Rate (IIR): Individual average hourly pay rate earned while working on incentive (see pay tables, subject to wage and **COLA** increases).

- h. Average Straight Time Hourly Earning (ASTHE): Calculation of the employees' ASTHE shall be as follows:

Straight time pay divided by straight time hours worked;

- (1) Includes straight time portion of the overtime worked
- (2) Includes guarantee/reassignment time(per CLA, including **Union** time)
- (3) Includes incentive earnings
- (4) Excludes shift and other premiums
- (5) Excludes vacations, holiday, bereavement, **jury duty**, military, **SUB**, other situations of pay while not at work
- (6) Excludes overtime worked on non-incentive posts

- i. Minimum Rate Guarantee (MRG): **A** minimum hourly pay rate will be guaranteed to all qualified employees covered by the incentive pay plan. This minimum hourly pay rate will be the equivalent of 80% efficiency. (See pay tables). **Attachment "C" in this Methodology**

...

3. Standards & Key Elements:

- a. All areas with incentive pay plans must have up-to-date **MOST** standards.
- b. Time Calculated Production (TCP) will be determined for each incentive standard by the company job evaluation specialist. It will respect all aspects of the CLA.
- c. **One** of the intents of standard application under **MOST** is to allow the opportunity to attain 100% efficiency. Operators through individual speed, skill, and effort will have the opportunity to reach higher levels of attainment. This will be capped at 120%.
- d. The pay system is founded on 100% efficiency and a Minimum Rate Guarantee (MRG); The MRG will be set at 80% efficiency.
- e. Efficiency and pay will be calculated using the following system:

Standards will be converted into points by dividing the total number of points available per day by the number of occurrences as determined by the standards.

8 hour day = 800 points required to achieve 100% efficiency

12 hour day = 1200 points required to achieve 100% efficiency

Example of a standard conversion:

Time Calculated Production (TCP) = 410 minutes

Time Per Unit (TPU) = 1.5 minutes

Incentive Production Level (IPL) = (TCP - FE)/TPU = 410/1.5 = 273.31 occurrences.

Points Per Unit (PPU) = Total Daily Points available/Occurrences

8 hour shift = 800 points available/273 occurrences = 2.930 PPU or Points per Unit

- f. Total **Points** earned for the day.

Total Points Earned = Total number of occurrences **X** the application point values per unit (PPU).

- g. Incentive Pay Calculation

- i. Each operator will establish an IIR and ASTHE based on his/her individual performance as measured over a two week period calculated **weekly**.

- ii. Points and hours will be accumulated for the entire 2-week period for the purpose of incentive pay calculation for each employee.

- iii. An employees' daily production may not exceed 120% of the incentive standard (960) points/8 hours or 1440 points/12 hours). Where shifts deviate from 8 or 12 hours, 120 points per hour is a maximum.

- iv. All interference lost time is to be absorbed within the incentive hours worked and paid for by the plan other than exceptions noted in section 4 of this document or the CLA.

h. Formula for Average Efficiency Calculation

At the end of each week payroll will calculate a new point average for each employee based on the previous 2 week period.

The calculation will be made as follows:

$$\text{Point Average} = \text{Total Points} / \text{Total Incentive Hours}$$

Example:

Day	Total Points	Total Hours
1	800	8
2	440	4
3	0	0
4	0	0
5	0	0
6	1200	12
7	1320	12

$$\text{Point Average} = \text{Total Points} / \text{Total Hours} = 3760 / 36 = 104.444$$

$$\text{Average Points} = 104.444 \quad \text{Therefore, Efficiency} = 104.444\%$$

This is not pay. It calculates average efficiency only.

i. Incentive Pay Slope Definition

Minimum Rate Guarantee (MRG) = 80% efficiency

Cap = 120% efficiency

Incentive earnings will not begin until an employee has achieved beyond the 80% efficiency level.

If **an** employee does not achieve beyond the 80% efficiency level, the MRG **has** application.

j. Minimum Efficiency Expectation (MEE) for experienced employees shall be 85% efficiency.

k. Maximum earning levels will be 120% efficiency. Employees covered under this plan will remain on their assigned post **to the end of the shift unless they have attained a minimum of 100% efficiency for their total-work shift (excluding approved time paid at **ASTHE**).**

4. Exceptions to Incentive Pay:

Average Straight Time Hourly Earnings (ASTHE) will be paid for the following conditions, when approved by the supervisor:

- a. Meetings called by management.
- b. Medical tests and safety drills or a work refusal per OHS.A.
- c. training in a controlled environment (for example classroom)
- d. Developmental/experimental work (for example test tires), (The points earned during this period will not be used in the calculation of pay, the points should be struck from the timecard).
- e. All health Center treatment time.
- f. Back-up Supervision
- g. **J**ob Reassignment to a job outside their class per the CLA
- h. Instructing/Teaching/Documenting**
- i. Union Business
- j. Heat Breaks
- k. When an incentive employee is idle due to extenuating circumstances for equal **to** or greater than **two (2)** consecutive hours in **one** shift **the** employee's supervisor will grant ASTHE for the block of time. (The points earned **during** **this** period will not be used **in** the calculation **of** pay, the points **should** be struck **from** the timecard).
- l. When there are situations other than those mentioned above where employees are assigned to work under significantly abnormal conditions, the Industrial Engineering Manager or designate can authorize **ASTHE** provided that:
 - 1) the additional work is not reflected in the normal incentive standard
 - 2) the problem persists for 6 or more consecutive hours
 - 3) the employee works at the post the entire shift applying a normal level of skill and effort
 - 4) the earned efficiency is MRG efficiency or less for the affected time
 - 5) In order to benefit under this section, the employee must report the condition to his/her supervisor at the time the condition occurs.
 - 6) The points earned during this period will not be used in the calculation of pay, the points should be struck from the timecard.
- 7) **a)** If employees are assigned to operate with **2** machines (**1 on 1**) on **3** machine modules or one operator is assigned to operate **1st** and **2nd** step machines: the operator still building tires will be **given** double the points (from the pay machine) for the affected time.
 - b) If, on a **3** machine module, employees are assigned to **build in** manual mode (no robotic offloading), employees still building tires will be given a **1.8 x** factor on the pay machine for the affected time.

Other areas that will be paid **ASTHE**:

- a. Work Restricted Time
- b. Bereavement
- c. **Jury Duty**
- d. Holiday
- e. Floater

5. Pay Curve

Minimum Rate Guarantee (MRG) = 80% efficiency

Cap = 120% efficiency

Minimum Efficiency Expectation (MEE) for experienced employees shall be 85% efficiency.

Maximum earning levels will be **120%** efficiency. Employees covered under this plan will remain on their assigned post to the end of the shift unless they have attained a minimum of 100% efficiency for their total-work shift (excluding approved **time paid at ASTHE**).

6. Fatigue

Fatigue is determined by a Company Job Evaluation Specialist for every post and is dependant on hours of work and machine assignment. In all cases **fatigue** will be calculated and an allowance shall be granted. This calculation **will be** done prior to the issuing of a standard and will be shared with the Union.

7. Miscellaneous:

This plan will utilize standards based exclusively on M.O.S.T. IE practices.

Breaks and Lunch time are included in the time reported on incentive.

An employee must work a minimum of 40 hours in a **given** calculation period (2-weeks) in classification **on** incentive in order **to** generate a new Individual Incentive Rate (IIR) and **ASTHE**. If not at least 40 hours worked on incentive, then use the previous pay period IIR and **ASTHE**.

General Wage Increase(s) (GWI) and Cost of Living Allowance (**COLA**) will be rolled in at the 100% and this percentage increase will be extended to the entire curve. The same calculation will **be** applied to both the tire **building** and bead pay **curve**.

Incentive standards for new or modified equipment will be issued only **after** the Safety Department has given clearance for operation.

Some applications under this incentive system may involve equipment with high levels of machine control time. It is understood that in such applications, the operator may have a diminished ability to overcome situations of inability **to** produce. It is the Company's intent to examine each classification carefully prior to application. There may **be** instances where an adjustment needs to be made to account for this situation.

Absentee/Relief (**A/R's**) and Utility Operators will **be** subject to **the** rules of **the** Pay Plan while performing incentive **work**. **These** operators will generate an IIR and **ASTHE** provided that **they** have worked 40 hours or more **on** incentive during the 2-week calculation period.

NEW LETTER 22 INTERIM MEETINGS

A five (5) day off-site Interim Meeting including labour-management representatives from the Kitchener, ONT., Ft. Wayne, IN., Opelike AL., and Tuscaloosa, AL plants, including International USWA and Corporate management representatives will be conducted annually in the Spring and Fall.

- a. The topics of the Interim Meetings shall include, but not be limited to:
- (1) The state of the Company's business including relevant plant data.
 - (2) The progress toward goals and objectives of mutual interest.
 - (3) Joint Union and Company training topics.
 - (4) Review of the evolution of wage and benefits costs.
 - (5) Review of progress in the areas of health and safety.
 - (6) Items of concern regarding the interpretation of the various Uniform Agreements.
 - (7) Review the use of outside contractors and the results of outside contractor meetings.

The agenda for each Interim Meeting will be mutually agreed upon by the Company and the Union at least two weeks in advance of the meeting. Topics for the agenda submitted by Company or Union local representatives should be jointly reviewed in advance.

- b. **An** overall interim committee meeting will be scheduled in the spring and the fall of each year. The spring interim meeting will be held following the release of **the** Company's annual financial results.
- c. **The** Company agrees to pay four (4) **Union** representatives, for attendance at such meetings, forty-eight (48) hours pay at the higher of their average paid unit hour or hourly rate, or **where** applicable, the average hourly **earnings**. **The** Company will also pay forty-eight (48) hours' pay at his straight time average hourly earnings to **any** local union member who replaces a full time union president **who** attends such meetings **as** a member of the policy committee.
- d. The time and place of said meeting will be mutually **agreed** upon between the Company and the International Union.

NEW LETTER 23

JOINT LABOUR MANAGEMENT HEALTH AND SAFETY SYMPOSIUM

USWA Local #677 representatives will attend the USWA/Tire Industry Health and Safety Symposium which is conducted annually. In connection with attendance at this Symposium, the Company will compensate up to four (4) of these representatives forty (40) hours each at their respective hourly rates of pay and reimburse related travel expenses consistent with the Company Travel Expense Policy.

INSURANCE PROGRAM AGREEMENT

**ARTICLE VI
NON-OCCUPATIONAL SUPPLEMENTARY HEALTH
AND HOSPITALIZATION BENEFITS FOR
EMPLOYEES AND DEPENDENTS**

Add to clause 6.01

All **forms** requested by the Company/Insurance Carrier to be completed by any Medical Practitioner shall be paid in full by the Company.

47

CLARICA DENTAL CARE PLAN AGREEMENT

Change language to read:

1) The O.D.A. Fee Schedule will be increased to the 2003 dental fee schedule, effective June 1, 2004 and to the 2004 dental fee schedule, effective January 1, 2005 and to the 2005 dental fee schedule, effective January 1, 2006.

Amendments to Pension Agreement as required by CCRA
(shaded areas indicate changes to wording)

1. Clause 1.05(2) is deleted and replaced by new Clause 1.05(2) as follows:

Legislated Retirement Pension

1.05(2) The Legislated Retirement Pension is to be an immediate pension, the monthly amount of which is first to be computed, as to the basic portion only, in the same manner as for Normal Retirement but each monthly payment of the basic pension is to be reduced **so** that it is Actuarially Equivalent in value to such basic pension commencing at the employee's Normal Retirement Date. Such actuarially equivalent reduction will be at least equal **to** the minimum reduction prescribed under the Income **Tax** Act of Canada **and** its Regulations. For greater certainty, an employee receiving a Legislated Retirement Pension will not receive a Supplementary pension,"

2. Clause 1.09(4) is deleted and replaced by new Clause 1.09(4) as follows:

1.09(4) At the employee's election, the pension under this Subsection 1.09 **may** commence on the first day of **any** month following attainment of age fifty-five (**55**). In this case, the pension will be reduced to be Actuarially Equivalent in value to **the** pension otherwise payable at Normal Retirement Date. Such actuarially equivalent reduction will be at least equal **to** the minimum reduction prescribed under the Income **Tax** Act of Canada and its Regulations. Application for such retirement income must be made in writing by the employee not earlier than sixty (60) days prior to his elected date of commencement of such income.

3. Clause 4.9 **is** deleted and replaced by new Clause 4.09 as follows:

4.09 In respect **of** the pensionable service prior to January 1, 1992, in no event shall the value of the total amount of retirement income payable on closure or on a Special Early, Early Retirement or Legislated Retirement Date, excluding supplementary pension, exceed the value of **a** maximum pension **as** defined in Clause 4.08 above for such period of pensionable service, payable at the earliest of age **sixty (60)** or Normal Retirement age **as a** single life annuity guaranteed for ten years. In respect of the pensionable **service after** December 31, 1991, in no event shall the amount of retirement income payable of closure or on **a** Special Early, Early Retirement or Legislated Retirement **Date,** excluding supplementary pension, exceed **the** maximum pension as defined in Clause 4.08 for such period of pensionable service.

Agreement

Pension

S. U. B.

Severance

Separation

Insurance

Dental

BFGoodrich Tire Manufacturing,
Kitchener, Ontario
A Division of Michelin North America (Canada) Inc.

United Steelworkers of America
on behalf of Local 677

June 1st, 2004 - July 23, 2006

PENSION AGREEMENT

THIS PENSION AGREEMENT made and entered into this first day of June, 2004.

BETWEEN: Uniroyal Goodrich Tire Manufacturing,
Kitchener, Ontario
a Division of Michelin North America (Canada) Inc.
hereinafter referred to as the "Company",

AND: United Steelworkers of America on behalf of Local #677
hereinafter referred to as the "Union".

WITNESSETH THAT:

The Company agrees to provide through a Pension Plan the terms, conditions and benefits hereinafter specified in this Pension Agreement.

subject to obtaining and retaining such acceptance of the Michelin Pension Plan by such Pension Commissions and other supervisory bodies as the Company may deem necessary and subject to obtaining and retaining such acceptance of the Michelin Pension Plan by the relevant tax authorities as the Company may deem necessary to establish that the Company is entitled to deduct the amount of its contributions to the Pension Fund as an expense before taxes under the provisions of the Income Tax Act, and any other applicable tax laws, as now in effect or as hereinafter amended or adopted, the Company agrees with the Union that the Company will:

- (a) provide the pensions, deferred vested interest payments and deferred life annuities provided for herein which are awarded to those who become eligible therefor during the term of this Pension Agreement or of any renewal hereof, and
- (b) preserve the deferred vested interests created by each previous Pension Agreement between the Company and the Union.

No action taken in performance of the terms of this Pension Agreement and consistent herewith is to be construed or interpreted as being a violation of any of the terms of any collective agreement between the Company and the Union. As used in this Pension Agreement, In the event of any inconsistency between this Pension Agreement and the Pension Plan, the terms of this Pension Agreement shall govern as it applies to the members covered under this Agreement.

- (a) The term, "employment", means the status of a person who is employed by the Company in the bargaining unit hereinafter defined during all times s/he is enrolled on the factory payroll.
- (b) The term, "employee", means a person who is in employment or who since s/he was last in employment has retained his/her credited service under a collective agreement hereinafter defined.
- (c) The term, "former employee," means the status of a person who previously had been in employment.
- (d) The term, "collective agreement," means the collective agreement between the Company and the Union dated June 1, 2004.

- (e) The term, "bargaining unit," means the unit of employees defined in the collective agreement.
- (f) The term, "credited service," means the service of an employee which has been and remains credited to him/her, or would be credited to him/her re-employed after lay-off, in accordance with the provisions of Article III of this Pension Agreement.
- (g) The term, "normal retirement date," means the first day of the month following an employee's 65th birthday, or the employee's 65th birthday if it should fall on the first day of the month.
- (h) The term, "retirant," means a person who has retired and has become and remains eligible for a pension under the Plan.
- (i) An employee who is "totally and permanently disabled," means one who is certified by a medical practitioner to be disabled by bodily injury or disease other than disability which:
 - (i) was contracted, suffered, or incurred while the employee was engaged in or resulted from his/her having engaged in, a criminal enterprise, or
 - (ii) resulted from wilfully self-inflicted injury, or
 - (iii) can be established as due to service in armed forces of any country,

which will presumably permanently, continuously and wholly prevent him/her, during the remainder of his/her life, from meeting the requirement of any job whatsoever for which the employee is reasonably suited by virtue of the employee's education, training, or experience. Such medical practitioner, referred to above, shall be a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the employee resides.

- (j) An employee who is "occupationally disabled," means one who is certified by a medical practitioner to be disabled by bodily injury or disease other than disability which:
 - (i) was contracted, suffered, or incurred while the employee was engaged in or resulted from his/her having engaged in, a criminal enterprise, or
 - (ii) resulted from wilfully self-inflicted injury, or
 - (iii) can be established as due to service in armed forces of any country,

which will presumably permanently, continuously and wholly prevent him/her, during the remainder of his/her life, from meeting the requirements of any job whatsoever covered by the Collective Agreement. Such medical practitioner, referred to above, shall be a medical doctor, licensed to practice under the laws of a province of Canada or of the place where the employee resides.

- (k) The term, "statutory benefit," means the amount of any pension plan, old-age, or disability benefit payments, including any future increases therein, which occurs before retirement, payable under any Federal and/or Provincial legislation amending, superceding, supplementing, or incorporating existing Federal and/or Provincial legislation to which a retirant shall be or upon application would be entitled; provided that such term does not include Workers' Compensation or a benefit payable pursuant to occupational disease laws or a benefit payable on a "needs test" basis or solely on account of blindness or service in the armed forces or other national service or a benefit payable to or in respect of dependents, or a benefit payable under the Old Age Security Act, Canada, and the term, "Old Age Security Date," means the first day of the month in which the employee or retirant first: qualifies (or could qualify but for some act or failure to act by him/her or by another on his/her behalf, such as leaving Canada, failing to make timely application for benefit, or failing to notify the proper authority of his/her address), for benefit under the provisions of the Old Age Security Act, Canada, as in effect at the first day of June, 2004.
- (l) Subject to the provisions of Clause 8.01, the term "effective date of the Pension Agreement", means the first day of June, 2004.
- (m) The term, "pension plan", means the Michelin Pension Plan. The term Pension Agreement means Local 677 Pension Agreement.
- (n) The term, "Deferred Vested Interest", or "Deferred Vested pension", means vesting as defined in Clause 1.09.
- (o) The term, "Deferred Life Annuity", means deferred life annuity as defined in The Pension Benefits Act of Ontario.
- (p) The term "spouse" means the person who at the earlier of the commencement of an employee's pension and the date of his/her death meets one of the following eligibility requirements:
- (i) the person who is the lawfully wedded spouse of the employee; or
 - (ii) in the absence of an individual meeting the conditions of paragraph (p)(i), the person who has resided with such employee as his/her spouse for a continuous period of three years or more and has been publicly represented as his/her spouse; or
 - (iii) in the absence of an individual meeting the conditions of paragraph (p)(i) or (p)(ii), the person living in a conjugal relationship of some permanence with the employee provided they are the natural or adoptive parents of a child;
- provided that not more than one person shall be a spouse hereunder and in the event of more than one person having claims to be such, the determination of the Company as to which person shall be the spouse, on the basis of evidence available to it and which it considers sufficient for the purposes of such determination, shall be final.
- (q) The term "YMPE" means the Year's Maximum Pensionable Earnings established each year under the Canada Pension Plan as amended from time to time or under any superceding legislation.

- (r) The term "Special Early Commencement Date" means the date on which an employee's pension commences as a result of his/her retirement under the provisions of clause 1.03.
- (s) The term "Early Commencement Date" means the date on which an employee's (pension commences as a result of his/her retirement under the provisions of clause 1.04.
- (t) The term "Applicable Laws" or "Applicable Legislation" means any provincial law applicable with respect to any benefit under the Pension Plan or the Income Tax Act of Canada and the regulations thereunder.

Wherever the masculine gender appears in this Pension Agreement, it shall be construed as meaning male or female, unless the context in the Clause requires otherwise.

ARTICLE I

ELIGIBILITY FOR RETIREMENT AND AMOUNT OF PENSION

1.01 Normal Retirement

- (1) An employee
 - (a) who has been in active employment on or after the effective date of the Plan, and
 - (b) who has attained age sixty-five (65), and
 - (c) who has credited service

may retire on or after the first day of June, 2004 and is eligible for a Normal Retirement Pension upon his/her retirement.

- (2) The normal retirement pension is to consist of
 - (a) (i) a basic monthly pension for life at fifty-four dollars (\$54.00) for each year of credited service for an employee whose retirement is on or after June 1, 2004, less any basic monthly pension payable under the Uniroyal Goodrich Tire Manufacturing Employees Retirement Plan No. 2.
 - (b) a supplementary monthly pension payable with each monthly payment; of the basic pension up to and including the payment for the month in which the Old Age Security date occurs; the amount of such supplementary pension to be fourteen dollars (\$14.00) multiplied by the number of years of credited service up to a maximum of thirty (30) years of such service for an employee whose retirement is on or after June 1, 2004, less any supplementary monthly pension

payable under the Uniroyal Goodrich Tire Manufacturing Employees Retirement Plan No. 2.

1.02 Automatic Retirement

An employee, or a former employee eligible to receive a pension as provided in Clause 1.01, shall be retired on his/her normal retirement date.

1.03 special Early Retirement

(1) An employee

- (a) who has attained age sixty-two (62) but not age sixty-five (65), and
- (b) who has ten (10) or more years of credited service, and
- (c) who has acquired any credited service since attaining age sixty-two (62)

may retire on or after the first day of June, 2004, and is eligible for a Special Early Retirement pension upon his/her retirement.

(2) An employee

- (a) who has attained age fifty-five (55) but not age sixty-two (62), and
- (b) who has thirty (30) or more years of credited service, and
- (c) who has acquired any credited service since attaining age fifty-five (55),

may retire on or after the first day of June, 2004, and is eligible for a Special Early Retirement pension upon his/her retirement.

- (3) The Special Early Retirement pension is to be calculated, as to the basic portion and the supplementary portions, in the same manner as for normal retirement.
- (4) An employee who has 30 or more years of credited service may elect to retire on or after the effective date of this Pension Agreement and is eligible for a Special Early Retirement pension to be calculated as to the basic portion and the supplementary portions, in the same manner as for normal retirement.
- (5) Notwithstanding the foregoing, the amount of supplementary monthly pension payable to an employee at his/her Special Early Commencement Date shall not exceed the amount determined in accordance with applicable legislative requirements.

1.04 Early Retirement

(1) An employee

- (a) who has attained age sixty (60) but not age sixty-two (62) or is between age sixty-two (62) and age sixty-five (65) but does not qualify for Special Early Retirement, and
- (b) who has ten (10) or more years of credited service, and

(c) who has acquired any credited service since attaining age sixty (60),

may retire on or after the first day of June, 2004 and be eligible for an Early Retirement pension in the event of such retirement but discharge for cause is not to be considered as retirement for the purpose of this subsection.

(2) An employee

(a) who has attained age fifty-five (55) but not age sixty (60) or is between age sixty (60) and age sixty-five (65) but does not qualify for Early Retirement under subsection (1) of this section or for Special Early Retirement, and

(b) whose combined age (computed to completed months for a fractional year) and period of credited service (computed to completed months for a fractional year) total eighty-five (85) years or more, and

(c) who has acquired any credited service since attaining age fifty-five (55)

may retire on or after the first day of June, 2004 and be eligible for an Early Retirement pension in the event of such retirement but discharge for cause is not to be considered as retirement for the purpose of this subsection.

(3) The Early Retirement Pension is, at the employee's option, to be either

(a) a deferred monthly pension calculated as to the basic portion and the supplementary portion, in the same manner as for Normal Retirement, the payment of which is to commence with the month following that in which the employee attains age sixty-two (62), or

(b) An immediate pension, the monthly amount of which is first to be computed, as to the basic portion and the Supplementary portion, in the same manner as for Normal Retirement but each monthly payment of the basic pension and each monthly payment of a supplementary pension, before offsetting the monthly basic pension and the monthly supplementary pension payable from the Uniroyal Goodrich Tire Manufacturing Employees retirement Plan No. 2, whether becoming payable before, during, or after the month in which the Retirant becomes eligible or is deemed to become eligible for a Statutory Benefit, is to be reduced by either

(i) four-tenths (4/10) of one per cent for each complete month, if any, to elapse from the date of Early Retirement to the first (1st) day of the month coincident with or next following the sixty-second (62nd) anniversary of the Retirant's birth, or

(ii) four-tenths (4/10) of one per cent for each full month, if any, by which the Retirant's credited service at his/her date of early retirement is less than thirty (30) years, whichever reduction is less.

(4) Notwithstanding the foregoing, the amount of supplementary monthly pension payable to an employee at his/her 'Early Commencement Date shall

not exceed the amount determined in accordance with applicable legislative requirements.

1.05 Legislated Retirement

(1) An employee

- (a) who has attained age fifty-five (55) but not age sixty-five (65) but does not qualify for Special Early Retirement or Early Retirement, and
- (b) who has two (2) or more years of credited service, and
- (c) who has acquired any credited service since attaining age fifty-five (55),

may retire on or after the first; day of June, 2004 and be eligible for a Legislated Retirement pension in the event of such retirement.

- (2) The Legislated Retirement Pension is to be an immediate pension, the monthly amount of which is first to be computed, as to the basic portion only, in the same manner as for Normal Retirement but each monthly payment of the basic pension is to be reduced so that it is actuarially equivalent in value to such basic pension commencing at the employee's normal retirement date. For greater certainty, an employee receiving a Legislated Retirement Pension will not receive a Supplementary pension.

1.06 Absence from Work

Absence of an employee or former employee from active employment at any time when s/he would otherwise be eligible for Normal Retirement, Special Early Retirement, Early Retirement or Legislated Retirement is not to preclude such Retirement at such time provided such absence is due to disability or sick leave, lay-off or other Company-approved leave of absence and provided the employee has retained his/her credited service under a collective agreement since s/he was last in employment.

1.07 Total and Permanent Disability

(1) An employee

- (a) who becomes totally and permanently disabled while accumulating credited service with the Company, and
- (b) who has ten (10) or more years of credited service at the time of occurrence of total and permanent disability, may retire on Disability Retirement on or after the first day of June, 2004 and prior to his/her normal retirement date and is, eligible for a Disability Retirement pension in the event of such retirement.

- (2) The Disability Retirement pension is to be calculated, as to the basic portion and the supplementary portion, in the same manner as for normal retirement, but, while the basic portion and supplementary portion are applicable, the Supplementary Portion is subject to deduction of the Statutory Benefit.

- (3) There is not to be any duplication of a pension under this Section 1.07 by a pension under any other Section of this Article I.

- (4) A retirant on Disability Retirement is required to submit to a physical examination at any time during such Retirement up to his/her normal retirement date for the purpose of determining his/her condition, whenever such examination is requested by the Company, but not more often than twice in any calendar year after total and permanent disability has been established.
- (5) A retirant who refuses to submit to any physical examination properly requested in accordance with the provisions of subsection (4) of this Section 1.07 is to have his/her Disability Retirement suspended until s/he does submit to such examination.
- (6) If, after his/her retirement on Disability Retirement but before his/her normal retirement date, a retirant ceases to be totally and permanently disabled or engaged in any occupation or work with job requirements similar to the requirements of any job whatsoever for which the employee is reasonably suited by virtue of the employee's education, training, or experience, his/her Disability Retirement may be terminated by the Company.
- (7) Where Disability Retirement is terminated pursuant to the provisions of subsection (6) of this Section 1.07, the former employee is to be rehired by the Company in a capacity consistent with his/her physical and mental ability and with the credited service which s/he had immediately prior to commencement of his/her Disability Retirement.
- (8) An employee rehired pursuant to the provisions of subsection (7) of this section is, upon his/her return to work, to be credited with the credited service which s/he had immediately prior to the commencement of his/her Disability Retirement, and no other account is to be taken of his/her previous retirement in determining his/her rights and benefits on and after a subsequent retirement.

1.08 Occupational Disability

(1) An employee

- (a) who becomes occupationally disabled while accumulating credited service with the Company, and
- (b) who has ten (10) or more years of credited service at the time of occurrence of occupational disability,

may retire on Occupational Disability Retirement on or after the first day of June, 1992 and prior to his/her normal retirement date and is eligible for an Occupational Disability Retirement pension in the event of such retirement.

- (2) The Occupational Disability Retirement pension is to be calculated, as to the basic portion and the supplementary portion, in the same manner as for normal retirement, but, while the basic portion and supplementary portion are applicable, the Supplementary Portion is subject to deduction of the Statutory Benefit.

The basic portion of the Occupational Disability Retirement pension will be reduced by one quarter of one percent (0.25%) for each month, if any, that the pension commencement date precedes the earliest of:

- (a) the date the employee attains age 60;
- (b) the date the employee would have completed, had the employee continued in employment after his/her occupational disability date, thirty (30) years of credited service; or
- (c) the date on which the aggregate of the employee's age and years of credited service would have been, had the employee continued in employment after his/her occupational disability date, equal to 80 years.

The supplementary pension will not exceed the maximum allowable under Regulation 8503 (2)(b) of the Income Tax Act.

- (3) There is not to be any duplication of a pension under this Section 1.08 by a pension under any other Section of this Article I.
- (4) A retirant on Occupational Disability Retirement is required to submit to a physical examination at any time during such Retirement up to his/her normal retirement date for the purpose of determining his/her condition, whenever such examination is requested by the Company, but not more often than twice in any calendar year after occupational disability has been established.
- (5) A retirant who refuses to submit to any physical examination properly requested in accordance with the provisions of subsection (4) of this Section 1.08 is to have his/her Occupational Disability Retirement suspended until s/he does submit to such examination.
- (6) If, after his/her retirement on Occupational Disability Retirement but before his/her normal retirement date, a retirant ceases to be occupationally disabled or engages in any occupation or work with job requirements similar to the requirements of any job whatsoever covered by the Collective Agreement, his/her Occupational Disability Retirement may be terminated by the Company.
- (7) Where Occupational Disability Retirement is terminated pursuant to the provisions of subsection (6) of this Section, the former employee is to be rehired by the Company in a capacity consistent with his/her physical and mental ability and with the credited service which s/he had immediately prior to commencement of his/her Occupational Disability Retirement.
 - (a) An employee rehired pursuant to the provisions of subsection (7) of this Section is, upon his/her return to work, to be credited with the credited service which s/he had immediately prior to the commencement of his/her Occupational Disability Retirement, and no other account is to be taken of his/her previous retirement in determining his/her rights and benefits on and after a subsequent retirement.

1.09 Deferred Vested Pension

- (1) An employee whose services with the Company are terminated on or after June 1, 2004 and prior to the completion of two (2) years of Credited

Service at the date of termination of employment, shall not be eligible to receive any benefit under the terms of this Pension Plan.

(2) An employee

(a) whose services with the Company are terminated on or after June 1, 2004, and

(b) who is not and does not become eligible for a severance award under the Severance Award Agreement, between the Company and the Union is, upon application made not earlier than sixty (60) days prior to his/her normal retirement date, to be considered a retirant for the purposes of this Pension Agreement, but for no other purpose, and as being entitled to payment of his/her deferred vested interest in the Pension Plan (but no other benefit) commencing with the later of the month following that in which s/he attains age sixty-five (65) or the month following that in which application is made therefor.

(3) (a) Plan Vested Pension

For a former employee who, provided s/he had ten (10) years or more of credited service at the date of termination of employment, the monthly amount of the payment of deferred vested interest in the Pension Agreement is to be \$54.00 for each year of the credited service which s/he had immediately prior to termination of his/her service if the date his/her service terminated was on or after the first day of June, 2004, less any vested basic monthly pension payable under the Uniroyal Goodrich Tire Manufacturing Employees Retirement Plan No. 2.

(b) Legislated Vested Pension

For a former employee who, provided s/he has two (2) years or more, but less than ten (10) years of credited service at the date of termination of employment, the monthly amount of the payment of deferred vested interest in the Pension Agreement is to be calculated in the amounts as set out in subsection (3)(a) above but only for credited service accrued on or after January 1, 1987 and up to the date of the termination of his/her service. In addition, such former employee referred to herein whose service terminated on or after the first day of June, 2004, shall be eligible for a pension in respect of credited service up to January 1, 1987 calculated in the amount of the increase in the basic pension formula from that in effect at January 1, 1987.

(4) At the employee's election, the pension under this Clause 1.09 may commence on the first day of any month following attainment of age fifty-five (55). In this case, the pension will be reduced to be actuarially equivalent in value to the pension otherwise payable at Normal Retirement Date. Application for such retirement income must be made in writing by the Employee not earlier than sixty (60) days prior to his/her elected date of commencement of such income.

(5) An employee entitled to receive pension in accordance with Clause 1.09 or the spouse of a deceased employee who is entitled to pension under

the Pension Plan may direct that the lump sum that is actuarially equivalent in value to such pension:

- (a) be transferred to another registered employers' pension plan, or
- (b) be transferred to such other registered vehicle, as may be approved under applicable pension legislation and Revenue Rules, in the name of the employee, or spouse where applicable, or
- (c) be applied towards the purchase of an immediate or deferred life annuity commencing prior to the employee's attainment of age sixty-nine (69), or at the employee's beneficiary's attainment of age sixty-five (65), if applicable, in a form acceptable under Revenue Rules,

provided, however, that the administrator of such plan or the issuer of the annuity agrees in writing to administer such transferred pension credit as a deferred life annuity within the conditions of applicable pension legislation.

The transfers under this subsection shall be subject to any limitations prescribed under applicable pension legislation in respect of such transfer of monies.

- (6) The provisions dealing with deferred vested interests in each previous Pension Agreement between the Company and the Union are to continue to apply to a former employee whose service with the Company was terminated during the currency of such Pension Agreement.
- (7) An employee whose employment is terminated and who is eligible for a benefit under Clause 1.09 based on information then on file with the Company will be notified, at the time of termination, of his/her eligibility for a deferred vested pension.

1.10 Pension on Closure

In the event of the complete and permanent closure of Uniroyal Goodrich Tire Manufacturing, Kitchener Plant, Kitchener, Ontario, an employee who has 25 or more years of credited service and is not otherwise eligible for a pension according to the Pension Agreement shall be eligible for an immediate pension under this provision. The amount of such immediate pension shall be determined in accordance with Article I clause 1.01(2)(a) and applicable legislative requirements.

No retirant receiving a pension on closure under this clause 1.10 shall be entitled to any pension or award under any other article or clause of this Pension Agreement.

1.11 Death Prior to Pension Commencement

In the event of the death of an employee entitled to pension under clause 1.09 as applicable, prior to the commencement of pension under the Pension Agreement, the following benefit is payable to his/her spouse unless waived in prescribed form in accordance with pension legislation applicable to the Pension Agreement:

The actuarial equivalent value of the basic portion of the pension that the employee would have been eligible to receive in accordance with Clause 1.03, Clause 1.04, Clause 1.05 or Clause 1.09 assuming that the Employee retired or terminated employment, as applicable, on the date of death.

At the spouse's election, the benefit shall be payable as an annuity commencing on or before the spouse's attainment of age sixty-five (65) or as a lump sum. If the Employee has no spouse at date of death, the above benefit shall be payable in a lump sum to the beneficiary designated by him/her to receive such benefits.

ARTICLE II

STATUTORY BENEFIT DETERMINATION

2.01

- (1) Where a Retirant is eligible to receive a Statutory Benefit from the date of his/her retirement, the monthly amounts to which s/he is so entitled from and after retirement (or would be so entitled but for some act or failure to act by him/her or by another on his/her behalf, such as having disqualifying or partially disqualifying earnings, failing to make timely application for benefit or failing to notify the proper authority of his/her address) constitute the monthly amounts of his/her Statutory Benefit for the purposes of the Pension Agreement and are not to be affected by any pension index, earnings' index, or other similar escalation in the Statutory Benefit after retirement.
- (2) In the case of any other Retirant,
 - (a) his Statutory Benefit is to be deemed to commence at the earliest date of eligibility therefor, and
 - (b) the monthly amounts of his/her Statutory Benefit for the purposes of the Pension Agreement are the monthly amounts, determined on the basis of the laws, regulations, rules, and practices in effect at the date of retirement, to which s/he will be entitled from and after such earliest date of eligibility neglecting:
 - (i) any pension index, earnings' index, or other similar escalation in the Statutory Benefit after retirement, and
 - (ii) any change in laws, regulations, rules, or practices taking effect after retirement, and

- (iii) any change in benefit due to earnings after retirement, and
 - (iv) any loss of benefit or change in benefit due to some act or failure to act by the Retirant or by another on his/her behalf, such as having disqualifying or partially disqualifying earnings while eligible for benefit, failing to make timely application for benefit or failing to notify the proper authority of his/her address.
- (3) In applying the provisions of subsections (1) and (2) of this Section 1, and of Sections 2 and 3 of this Article II, no account is to be taken of any option to receive a Statutory Benefit in a reduced amount on account of receiving it prior to the normal earliest date of eligibility therefor and the Statutory Benefit and the earliest date of eligibility therefor are to be determined for the purposes of the Plan as if such option had not been and could not be exercised but a Statutory Benefit available on account of disability is not to be construed as an option to receive a Statutory Benefit in a reduced amount on account of receiving it at an earlier age.

2.02 In the case of each Retirant, the Company is to determine, as of the date of retirement:

- (a) the estimated monthly amounts of Statutory Benefit available from and after the earliest date of eligibility therefor, such estimate
 - (i) to be based on the laws, regulations, rules and practices in effect at the date of retirement, and
 - (ii) to be made on the basis designed to protect the Pension Plan against over-payment and to that end, may be determined as if the Retirant had been in full-time, active employment with the Company from and including the first day of January, 1966 up to the date of retirement, and
 - (iii) not to assume any earnings after retirement or any pension index, earnings' index, or other similar escalation in the monthly amounts of the Statutory Benefit after retirement, and
- (b) unless the Retirant is eligible or deemed to be eligible to receive a Statutory Benefit from the date of his/her retirement, the anticipated earliest date of eligibility for Statutory Benefit, such determination to be based on the laws, regulations, rules and practices in effect at the date of retirement.

2.03 The determinations by the Company pursuant to Section 2 of this Article II are to control and govern in the operation of the Plan and in calculations of the payments and changes in the payments to be made thereunder except as follows:

- (a) if a Retirant establishes to the satisfaction of the Company

- (i) that the earliest date of eligibility for Statutory Benefit anticipated by the Company is in advance of the actual earliest date of eligibility therefor, and
- (ii) that the deferment from the anticipated date to the actual date is not due to:
 - (A) any act or failure to act by him/her or by another on his/her behalf, such as having disqualifying earnings while eligible for benefit or failing to make timely application for benefit, or
 - (B) any change in laws, regulations, rules or practices taking effect after his/her retirement,

the earliest date of eligibility for Statutory Benefit is to be corrected and his/her pension to be recalculated accordingly, and/or

- (b) if a Retirant, following application for correction made to the Company within twelve (12) months of his/her earliest date of eligibility for Statutory Benefit establishes to the satisfaction of the Company that the monthly amounts of his/her Statutory Benefit have not been correctly estimated, on the basis stipulated in paragraph (a) of Section 2 of this Article II, the estimate is to be corrected and his/her pension to be recalculated accordingly, and/or
- (c) if a Retirant makes application for use of actual Statutory Benefit within twelve (12) months of his/her earliest date of eligibility for Statutory Benefit and establishes to the satisfaction of the Company,
 - (i) that the amounts of his/her Statutory Benefit differ by at least one dollar (\$1) per month from the estimated amounts of Statutory Benefit, and
 - (ii) that such difference does not result from any act or failure to act by him/her or by another on his/her behalf, such as having disqualifying or partially disqualifying earnings while eligible for benefit, failing to make timely application for benefit, or failing to notify the proper authority of his/her address

his/her application for use of actual Statutory Benefit is to be accepted by the Company and his/her pension is to be recalculated accordingly, but taking into account the provisions of subsection (3) of Section 1 of this Article II.

ARTICLE III

CREDITED SERVICE

3.01 An employee's credited service shall mean the period of time dating from an employee's company service date in effect as of June 1, 2004, as established by prior rules and policies, or as thereafter adjusted or determined by the service credit rules and other applicable provisions of the Collective Agreement dated June 1, 2004.

An employee granted a leave of absence or extension of same under the last paragraph of Clause 10.08 of the Collective Agreement of June 1, 2004 between the Union and the Company or any leave of absence or extension granted under subsequent Collective Agreements between the Union and the Company shall, while on such approved leave or extension thereto, accumulate credited service for the purpose of determining eligibility for retirement. The additional service thus accumulated will be excluded from the computation of credited service for calculation of pension.

While on a Company approved leave of absence for sickness or injury, where such sickness or injury, as certified in writing by a qualified medical practitioner as defined herein, prevents the employee from performing the duties of the employment in which the employee was engaged before the commencement of the leave of absence for such sickness or injury, an employee may, without returning to active service, accumulate a maximum of one year additional credited service for the period from the last day of active employment. Such additional credited service will be used in the determination of eligibility for retirement and in the computation of credited service for calculation of pension.

Credited service is to be computed to completed months for a fractional year but no credited service shall be accumulated while s/he is in receipt of disability retirement, normal retirement, special early retirement, occupational disability retirement or legislated retirement benefits under this Pension Agreement or any other Pension Plan of the Company.

For more clarification, the period of service in respect of which an employee is entitled to receive a retirement income from the Uniroyal Goodrich Tire Manufacturing Employees Retirement Plan No. 2 shall be included in the computation of the employee's credited service.

3.02 Notwithstanding any other provisions of the Collective Agreement dated June 1, 2004, an employee, who satisfies the membership eligibility requirement for a person employed on a part-time basis as described in the Pension Benefits Act of Ontario, shall accumulate credited service under the pension plan.

Credited service for a period of part-time employment for the purpose of computing the employee's pension shall be reduced to an amount which will have the same proportionate relationship as the regular hours of such an employee have to the normal hours of an employee in full-time employment.

3.03 The records of the Company shall be presumed to be conclusive of the facts concerning the credited service, employment, non-employment, or disability retirement of any employee, a former employee, retirant, or applicant for a pension, unless shown beyond a reasonable doubt to be incorrect. An applicant for pension or retirant shall prove his/her age by evidence satisfactory to the Company..

ARTICLE IV

PAYMENT OF PENSIONS

4.01 Net Amount Payable

No employee, former employee, or retirant is entitled to a pension under the Pension Agreement, except as expressly provided in this Article IV.

4.02 Date of Payment

(1) The pension payable to a retirant on normal (including automatic) retirement, a retirant on special early retirement, a retirant who has elected the immediate pension available in the event of early retirement, or a retirant on legislated retirement:

(a) becomes payable, if s/he is then living:

- (i) on his/her normal retirement date, or
- (ii) for special early retirement during the month next following the date on which s/he files an application for such pension with the Company, or
- (iii) for non-deferred early retirement during the month next following the date on which s/he files an application for such pension with the Company, or
- (iv) for legislated retirement during the month next following the date on which s/he files an application for such pension with the Company, and

(b) is payable during each month thereafter during his/her lifetime.

(2) The pension payable to a retirant who has elected the deferred pension available in the event of Early Retirement:

(a) becomes payable, if s/he is then living, during the month next following the date on which s/he attains age sixty-two (62).

(b) is payable during each month thereafter during his/her lifetime.

(3) The pension payable to a retirant on Disability Retirement:

(a) becomes payable, if s/he is then living, on the first day of the month next following the latest of,

- (i) the date on which his/her Disability Retirement commences, or
- (ii) the date on which s/he ceases to receive remuneration from the Company, or
- (iii) the date on which s/he ceases to be eligible for a weekly indemnity benefit under the Insurance Program Agreement, between the Company and the Union, or
- (iv) the date on which s/he files an application for such pension with the Company on a form supplied by the Company, and

(b) is payable during each month thereafter up to and including the earlier of:

(i) the month in which his/her Disability Retirement is terminated pursuant to the provisions of subsection (6) of Clause 1.07, or

(ii) the month in which s/he dies.

(4) The Company may adopt such procedures as it may find convenient with respect to the payment of pensions where the net annual amount payable is less than two percent (2%) of the YMPE as at the date of retirement, disability, or termination of employment and may pay any such pension quarterly, semi-annually or annually, or if permitted by law, by a lump sum payment which in the opinion of the Company, is of equivalent actuarial value.

4.03 Term Certain Pension and Optional Form of Normal Pension

(1) The basic portion of a Normal (including automatic), Special Early or Early Retirement Pension but not the supplementary portions, is payable for a term certain commencing with the date of retirement and ending with the month in which the 60th monthly payment falls due, and for the Retirant's remaining lifetime if any.

(2) Any payments to be made pursuant to subsection (1) of this Clause 4.03 after a retirant's death are to be made as they respectively fall due, to the retirant's beneficiary, if any, otherwise to his/her estate.

(3) An employee has the right, by notice in writing on a form supplied by the Company, to elect that, if and when s/he becomes entitled to a Normal (including automatic), Special Early, or Early Retirement pension, and without affecting the supplementary portion of such pension, the basic portion shall be converted as of and from the date of his/her retirement into an adjusted basic pension of equal actuarial value as determined by the Company payable for a ten (10) or fifteen (15) year term certain as specified in said notice of election and for his/her remaining lifetime, if any.

(4) An employee who has made or is deemed to have made an election pursuant to subsection (3) of this Clause 4.03 may, at any time prior to his/her retirement, revoke such election by submitting written notice of such revocation to the Company, but may not make another election pursuant to subsection (3) of this Clause 4.03.

(5) An election made or deemed to have been made by an employee pursuant to subsection (3) of this Clause 4.03 is inoperative and ineffective in the event of the death of the employee prior to retirement.

(6) Where an election made or deemed to have been made pursuant to subsection (3) of this Clause 4.03 comes into effect and the retirant dies prior to the month of expiry of the term certain elected, payments of the actuarially equivalent adjusted basic pension, but not the supplementary pension, are to be made to the retirant's beneficiary, if any, otherwise to his/her estate from and including the month following the retirant's death to and including the month of expiry of the term certain elected.

- (7) The estate of a retirant or of a beneficiary has the right, at any time when entitled to receive any payment pursuant to subsection (2) or (6) of this Clause 4.03, to elect to receive, in lieu of the remaining payments to the estate, a lump sum settlement equal to the commuted value of such remaining payments, such commuted value to be calculated on the basis of interest at such rate as may be determined by the company.

4.04 Spouse Option

Notwithstanding any of the provisions of this Pension Agreement, a spouse option pension may be payable in accordance with the provisions of this Clause 4.04. An employee who shall have attained age fifty (50) and is accumulating credited service and has a spouse as defined in section 1.01(b)(i) of Article I of the Insurance Program may prior to the employee's retirement or his/her becoming totally and permanently disabled or occupationally disabled, elect as a spouse option election that the employee's pension be payable as follows:

- (a) provided the employeels election is in effect at his/her normal (including Automatic), special early or early retirement, the basic monthly pension amount determined pursuant to Clauses 1.01, 1.02, 1.03, or 1.04 of Article I shall be converted into a reduced pension of equal actuarial value as determined by the company and shall be payable each month thereafter during the employee's lifetime. Commencing with the month following the month of the death of the pensioner, a spouse option pension equal to fifty (50) percent of such actuarially-reduced basic monthly pension shall be payable to the said spouse, provided such spouse is then living, each month thereafter during the lifetime of such spouse. Any supplementary pension payable to the employee shall be payable as otherwise provided in this Pension Agreement.
- (b) if the employee dies while accumulating credited service, while eligible to retire except under Clause 1.05 and prior to the employee's retirement and while the employee's election under this clause 4.04 is in effect, there shall be a spouse option pension payable to the said spouse, provided such spouse is then living, commencing with the month following the month of the employee's death and each month thereafter during such spouse's lifetime. The amount of the spouse option pension shall be equal to fifty (50) percent of that basic monthly pension amount which would have been payable to the employee if the employee had retired immediately prior to the death and the employee's basic monthly pension had been determined and converted in accordance with (a) above. The amount of the survivor's pension will be reduced by the pension payable to the spouse under Clause 1.10 as though the spouse had elected the annuity option under Clause 1.10.

An employee's spouse option election shall be made by application in writing on a form supplied by the Company and submitted to the Company with proof of age and of the marriage. Such election shall be irrevocable, provided, however, that the death of said spouse or dissolution

of their marriage prior to the date on which the first pension payment is due to the employee shall nullify the spouse option election. An employee's spouse option election shall be effective upon submission of the employee's application if such application is also accompanied by evidence of the employee's good health satisfactory to the Company, otherwise such election shall be effective at the earlier of (i) the expiration of a one-year (1-year) period from the date of submission of application with proof of age and of the marriage or (ii) submission of such evidence of good health and proof of age and of the marriage, provided, however, that no election may become effective after the employee's retirement date.

If an employee's election under this Clause 4.04 shall have become effective, *the* amount of any basic monthly pension payable under this Pension Agreement shall be further reduced. The amount of such reduction shall be determined on the basis of the period, or periods, any one or more spouse option election was in effect and at a rate of 6/10ths of one (1) percent per year computed to 1/12 year for each completed month of such period or periods. If there is more than one period, the amount of reduction shall be cumulative. If the spouse option election is not in effect at the employee's retirement, pension benefits will be payable as otherwise provided in this Pension Agreement.

- (c) Notwithstanding any other provision of this Pension Agreement, with respect to the basic portion of the pension payable in the normal form, an employee entitled to such pension under the Pension Plan, shall elect, or shall for purposes of the Pension Plan be deemed to have elected, an optional form of pension under which s/he shall receive a pension actuarially equivalent: in value to the basic portion of his/her pension, payable during his/her lifetime with the provision that on his/her death, sixty percent (60%) of such actuarially reduced pension shall be continued to his/her surviving spouse during the spouse's lifetime. An employee may elect to receive such pension in the normal form or an alternative form as described in the Pension Plan provided a waiver has been signed in a manner prescribed under pension legislation applicable to the Pension Plan.

4.05 Beneficiary

- (1) Subject to the provisions of this Clause and to any applicable laws, an employee or former employee may designate a beneficiary or a new beneficiary to receive the payments, if any, to be made under this Plan after his/her death.
- (2) An employee or former employee who has designated a beneficiary or a new beneficiary pursuant to subsection (1) of this Clause 4.05 may revoke any such designation.
- (3) The right to designate a beneficiary or a new beneficiary or to revoke a designation of a beneficiary pursuant to subsection (1) or (2) of this Clause 4.05 is to be exercised by the execution by the employee or former employee, and by delivery to the Company, of an instrument in writing which expressly provides that the designation or the revocation whichever is the case, is made with reference to this Plan.

- (4) A designation of a beneficiary or a new beneficiary or a revocation of a designation of a beneficiary made prior to the first day of June, 2004 by a person who is an employee on or after that date is and shall be deemed to have been made, in the case of a designation, pursuant to subsection (1) of this Clause 4.05, or in the case of revocation, pursuant to subsection (2) of this Clause 4.05.
- (5) Upon delivery to the Company, prior to or on or after the death of the employee or former employee, of a designation of a beneficiary or a revocation of a designation of a beneficiary made or deemed to have been made pursuant to subsection (1) or (2) of this Clause 4.05, the designation or revocation, even if It is contained in a will or in an instrument purporting to be a will, relates back to and has effect as and from the date of its execution but without prejudice to the Company, the Trustees, or any Insurance Company on account of any payment or payments made under this Plan prior to such delivery.
- (6) where an employee or former employee is not permitted to make a designation of beneficiary under the preceding provisions of this Clause 4.05, any payments to be made with respect to him/her after his/her death will be made to his/her estate but no provision of this Plan is to be construed as taking away any rights of such employee or former employee to direct how monies received by his/her estate are to be distributed or otherwise dealt with by his/her personal representatives.

4.06 Retirant Unable to Care for his/her Affairs

- (1) If the Company finds that any retirant is unable to care for his/her affairs because of illness or accident, any payment due, unless a prior claim therefor has been made by a duly appointed guardian, committee or other legal representative, may be made to the spouse, a child, a parent, or to any other person deemed by the Company to have incurred expense for such retirant.
- (2) In acting under the authority of subsection (1) of this Clause 4.06, the Company is to endeavour to give effect to the wishes of the retirant where such wishes were expressed in writing by the retirant before s/he became unable to care for his/her affaire.
- (3) Any payment made pursuant to the preceding provisions of this Clause 4.06, is a payment for the account of the retirant and is to constitute a complete discharge of all liability under the Plan therefor.

4.07 Governing Provisions

The preceding provisions of this Article IV are to be read, interpreted, and construed as being subject to Clauses 7.07 and 7.08 (General Provisions).

4.08 Maximum Benefits

Anything to the contrary contained herein notwithstanding, the maximum amount of lifetime annual pension provided to any employee or former employee under

this Plan and any other pension plan of the Company shall not exceed the product of (a) and (b) where:

(a) is the lesser of:

- (i) two percent (2%) of the average of the best three (3) years of remuneration of the employee; and
- (ii) \$1,722.22 or such higher amount as permitted under the Income Tax Act and the regulations thereunder, and

(b) is the sum of:

- (i) the lesser of:
 - (A) pensionable service prior to January 1, 1992; and
 - (B) thirty-five (35) years, and
- (ii) pensionable service after December 31, 1991;

where pensionable service is the service permitted under the Income Tax Act and Regulations thereunder.

4.09 In no event shall the value of the total amount of retirement income payable on closure or on a special early, early retirement or legislated retirement date, excluding supplementary pension, exceed the value of a maximum pension as defined in Clause 4.08 above, payable at the earliest of age sixty (60) or normal retirement age as a single life annuity guaranteed for ten years.

ARTICLE V

ADMINISTRATION

5.01 The Company shall have the sole responsibility and authority consistent with the provisions of this Pension Agreement for the operation and administration of the Pension Plan insofar as it relates to the members covered by this agreement.

ARTICLE VI

FINANCING

6.01 Pension Fund

- (1) The Company is to maintain a Pension Fund consisting of a trust fund or funds and/or an Insurance Company and/or Canadian Government Annuities Branch contract or contracts for the purpose of providing benefits under the Pension Agreement. For greater certainty, the Pension Plan only has one fund.
- (2) The Company undertakes to make, during the continuance of the Pension Agreement, payments and special payments into the Pension fund.

- (a) Based upon the amounts recommended by the actuary and subject to subparagraph 2 (b), the Company will contribute to the pension fund such amounts as are required in accordance with, and within the time limits specified in Applicable Laws.
 - (b) At the discretion of the Company and subject to the provisions of Applicable Laws any surplus determined by the actuary, or a portion thereof, may be used to offset or eliminate the contributions of the Company under the Pension Plan.
 - (c) Notwithstanding the foregoing, contributions made to the Pension Plan by the Company after 1991 must be in accordance with all legislative requirements under Applicable Laws. The Company must take whatever steps are required by the legislative authorities to ensure that the Pension Plan remains registered.
- (3) All payments made into the Pension Fund are to be held and administered in accordance with all Applicable Laws.

6.02 Disbursements from Pension Fund

- (1) The Pension fund is to be used, on proper authorization of the Company in accordance with the Pension Plan, to pay such benefits as are payable under the Pension Plan and for the payment of expenses and costs for the administration of the Pension Plan and the Fund.
- (2) No employee, prior to the award of a benefit to him/her under the Pension Agreement is to have any right to a benefit or any interest in any trust fund or Insurance Company or Canadian Government Annuities Branch contract established or entered into for the purpose of providing benefits under the Pension Plan.

6.03 Benefits Payable Solely from Pension Fund

- (1) The benefits payable in accordance with the provisions of the Pension Agreement are paid solely from the Pension Fund and each employee, retirant or other person who claims the right to any payment under the Pension Plan is entitled to look only to the Pension Fund for such payment.
- (2) No liability for the payment of benefits under the Pension Plan is imposed upon the Company or upon the officers, directors, or shareholders of the Company save to any extent to which the Company may fail to carry out the provisions of Clause 6.01 of this Article VI.

6.04 Non-Alienation of Benefits

- (1) The pension benefits provided under the terms of this Pension Agreement are for the employee's own use and benefit and are not capable of assignment or alienation and do not confer upon the employee, any personal representative or dependent, or any other person, any right or

interest in the said pension benefits capable of being assigned or otherwise alienated.

- (2) To the fullest extent permitted by the Applicable Laws, the benefits under this Pension Plan are not subject to attachment or legal process for: debts of retirants or beneficiaries.
- (3) Support and Division of Property on Marriage Breakdown
 - (a) Subject to the Pension Benefits Act of Ontario and pursuant to a written agreement, decree, order or judgement of a competent tribunal, a benefit payable under the Pension Plan may be subject to execution, seizure or attachment in satisfaction of an order for support or maintenance or may be assigned, pledged, charged, encumbered or alienated to satisfy a division of matrimonial property.
 - (b) The determination of the benefit payable to a person under paragraph (a) and of the employee's remaining benefit entitlements shall be subject to the Pension Benefits Act of Ontario and the Income Tax Act and the rules and regulations thereunder.
 - (c) The benefits payable under the Pension Plan shall be reduced by an amount which is actuarially equivalent in value to the benefit payable under paragraphs (3)(a) and (3)(b) of this clause 6.04.

6.05 The Employer shall not receive, at any time, any amounts from the Fund, except such amounts as may remain after termination of the Pension Plan and the satisfaction of all liabilities under this Pension Plan and such amounts as may arise out of the variation in actual from expected actuarial requirements or as may arise in such other manner as may be permitted under the then applicable policies of the Department of National Revenue and applicable Pension Benefits legislation, which exception amounts shall revert to the Company, subject to the approval of any applicable statutory authorities.

ARTICLE VII

GENERAL PROVISIONS

7.01 No employee shall be required or permitted during the term of this Agreement or of any renewal thereof, to make any contribution to or under any pension plan of the Company. Any vested interests which the employees have acquired in the benefits purchased by contributions made by and for them to date under the Company's joint contributory Pension plan formerly in effect shall be preserved.

7.02 The credited service of any employee who shall retire under the Pension Agreement in accordance with the provisions of Article I thereof shall cease for the purpose of applying the provisions of any Collective Agreement which now is or hereinafter shall be in effect between the Company and the Union, except that if a retirant is rehired on cessation of his/her disability retirement, s/he shall be credited with the service which s/he had at the time of his/her disability retirement and shall accumulate further service from the time that s/he starts to work after his/her rehire.

7.03 The establishment of the Pension Plan shall not give any employee any additional right to be retained in the employment of the Company; and all employees shall remain subject to discipline, discharge, or layoff to the same extent as if such plan had not been put into effect.

7.04 If any dispute shall arise between the Company and any employee, applicant for a pension who is represented by the Union, or retirant with reference to eligibility, age, credited service, or amount of pension or as to his/her retirement by the Company, such dispute may be taken up as a grievance under the grievance provisions of the Collective Agreement then in effect, omitting, however, all steps preceding presentation of the grievance to the Manager Industrial Relations at the plant. If any such grievance shall be taken to arbitration in accordance with such procedure, the arbitrator or Board of Arbitration, insofar as it shall be necessary to the determination of such grievance, shall have the authority only to interpret and apply the provisions of this Agreement and of the Collective Agreement, s/he or it shall have no authority to add to or subtract from any provisions of this Agreement or to waive or fail to apply any deductions or any requirement of eligibility for benefit under this Agreement. The decision of the arbitrator or Board of Arbitration on any grievance properly referred shall be binding upon the Company, the Union, the employee, applicant for pension, or retirant concerned therein.

7.05 If any dispute shall arise between the Company and any employee, applicant for a disability pension who is represented by the union, or retirant on disability retirement as to whether such person is, or continues to be, totally and permanently disabled or occupationally disabled as defined in this Agreement, such dispute shall be resolved as follows:

The employee, applicant, or retirant shall be examined by a physician appointed for that purpose by the Company and by a physician appointed for that purpose by the Union. If they shall disagree concerning total and permanent disability or occupationally disabled the question shall be submitted to a third physician selected by the said two physicians. The opinion of the third physician, after examination of the employee, applicant, or retirant, and consultation with the other two physicians, shall decide such question and such decision shall be binding upon the Company, the Union, and the employee, applicant, or retirant concerned therein. Any physician appointed or selected as provided for herein must be legally licensed to practice medicine and the fees and expenses of the third physician shall be shared equally by the Company and the Union. If the dispute is as to whether or when an employee had become totally and permanently disabled or occupationally disabled and the decision made pursuant to this paragraph is that the employee is totally and permanently disabled or occupationally disabled, s/he is and shall be deemed to have become totally and permanently disabled or occupationally disabled as to the commencement of continuous total disability.

7.06 The Union shall be furnished with such pertinent information as it may request from time to time concerning the operation and administration of the pension Agreement, and awards thereunder, insofar as it affects employees, or applicants for pension who are represented by the Union and retirants.

7.07 Deferred Life Annuity

Notwithstanding anything to the contrary contained elsewhere in this Agreement, a person who is employed by the Company in the bargaining unit and is enrolled on the factory payroll is entitled, upon termination of his/her employment prior to his/her attaining retirement age, to a deferred life annuity payable during his/her remaining lifetime but in any event with the guarantee that at least a total of sixty (60) payments will be made commencing in the month following that in which s/he attains age sixty-five (65).

Application for payment of the deferred life annuity is made to the Company on a form supplied by the Company on or after the date two (2) months prior to the former employee's normal retirement date and there is no liability for payment of interest or for delay in payment unless and until application has been so made. The monthly amount of the deferred life annuity is the greater of the amount in (1) or (2) below:

- (1) If the employee has been in the service of the Company for a continuous period of ten (10) years, or has been a member of the Pension Plan for such period, whichever first occurs, and who has attained age forty-five (45), the sum of (a) and (b) below:
 - (a) (i) \$46.70 multiplied by the number of years of credited service if any, accumulated by the employee in respect of employment prior to the first *day* of January, 1965 if termination of service takes place on or after June 1, 2001, but prior to November 1, 2001 or
 - (ii) \$47.70 multiplied by the number of years of credited service, if any, accumulated by the employees in respect of employment prior to the first day of January, 1965, if termination of service takes place on or after November 1, 2001, and .
- (b) (i) \$50.00 multiplied by the number of years of credited service accumulated by the employee from and including the first day of January, 1965, to and including the date of termination of his/her service with the Company or of his/her membership in the Pension Plan, whichever is the case, if termination of service with the employer takes place on or after June 1, 2001, but prior to November 1, 2001, or
- (ii) \$51.00 multiplied by the number of years of credited service accumulated by the employee **from** and including the first day of January, 1965, to and including the date of termination of his/her service with the Company or of his/her membership in the Pension Plan, whichever is the case, if termination of service with the employer takes place on or after November 1, 2001.

(iii) \$54.00 multiplied by the number of years of credited service accumulated by the employee from and including the first day of January, 1965, to and including the date of termination of his/her service with the Company or of his/her membership in the Pension Plan, whichever is the case.

(2) (a) If the employee has completed two (2) years of credited service;

(i) \$50.00 multiplied by the number of years of credited service accumulated by the employee from January 1, 1987 to and including the date of termination of his/her service with the Company or of his/her membership in the Pension Plan, whichever is the case if termination of service with the employer takes place on or after June 1, 2001 but prior to November 1, 2001, or

(ii) \$51.00 multiplied by the number of years of credited service accumulated by the employee from January 1, 1987 to and including the date of termination of his/her service with the Company or of his/her membership in the Pension Plan, whichever is the case if termination of service with the employer takes place on or after November 1, 2001, or

(iii) \$54.00 multiplied by the number of years of credited service accumulated by the employee from January 1, 1987 to and including the date of termination of his/her service with the Company or of his/her membership in the Pension Plan, whichever is the case.

(b) any increase in the basic amount of pension from that in effect at January 1, 1987, multiplied by the number of years of credited service accumulated by the employee prior to January 1, 1987.

When credited service under this Agreement differs with the Pension Benefits Act of Ontario, such act shall govern in (1)(b) of this Clause.

The deferred life annuity is for the employee's own use and benefit and does not confer upon the employee, any personal representative or dependent, or any other person, any right or interest in the deferred life annuity capable of being assigned or otherwise alienated. The deferred life annuity is not capable of surrender or commutation and does not confer upon the employee, any personal representative or dependent or any other person, any right or interest in the deferred life annuity capable of being surrendered or commuted.

7.08 Where an employee is entitled to a deferred life annuity pursuant to Clause 7.07:

(a) The monthly amount, if any, of the payments of his/her deferred vested interest in the Pension Plan, computed in accordance with the provisions of Clause 1.09, of the Pension Plan Agreement is to be reduced by the monthly amount of the deferred life annuity, and

(b) any option which s/he would otherwise have to waive his/her right to a deferred vested interest in the Pension Plan and to receive a severance award pursuant to the Severance Award Agreement in lieu thereof is to be restricted to the ratio of the deferred vested interest that would have been provided for him/her but for the terms of the Clause 7.08 which:

(i) \$50.00 multiplied by the number of his/her years of credited service, less the monthly amount of the deferred life annuity,
is of

\$50.00 multiplied by the number of his/her years of credited service,

if termination of employment takes place on or after June 1, 2001, but prior to November 1, 2001; or

(ii) \$51.00 multiplied by the number of his/her years of credited service, less the monthly amount of the deferred life annuity,
is of

\$51.00 multiplied by the number of his/her years of credited service if termination of employment takes place on or after November 1, 2001; or

(iii) \$54.00 multiplied by the number of his/her years of credited service, less the monthly amount of the deferred life annuity,
is of

\$54.00 multiplied by the number of his/her years of credited service if termination of employment takes place.

7.09 The Company will provide to employees a written explanation of the terms and conditions of the Pension Agreement, applicable to the employee together with an explanation of the employees rights and duties, with reference to the benefits available to the employee under the Pension Agreement and such other information as may be required by applicable laws and regulations. In the case of an amendment, such explanation and information shall be furnished as required by applicable laws.

7.10 The provisions of this Article VII so far as they relate to the Pension Plan Agreement are and shall be deemed a part of the Pension Plan Agreement

ARTICLE VIII

TERM OF AGREEMENT

8.01 As promptly as possible after execution of this Pension Agreement by the Company, the Company shall submit the Pension Plan to the relevant government tax and other relevant authorities for the purpose of obtaining their approval of the Pension Plan. If on the effective date of the Pension Agreement the Company has not all approvals which it may deem necessary to establish that it is entitled to deduct the amount of its contribution⁸ to the Pension Plan as an expense under the provisions of the Income Tax Act, or any other applicable tax laws, or to qualify under any other applicable law, as now in effect or as hereinafter amended or adopted, the Pension Agreement shall not become effective. If the requirements of such authorities shall necessitate any modification or changes herein, the Company will promptly

notify the Union and the parties will meet within ten (10) days thereafter for the purpose of negotiating regarding such modifications or changes.

8.02 In the event of withdrawal of the approval, as defined in Clause 8.01 hereof, by the relevant government authorities at any time during the term of this Pension Agreement, this Pension Agreement shall terminate on the effective date of such withdrawal or upon the expiration of thirty (30) days after the Company shall first have been advised by such authorities of such withdrawal of approval whichever is later. During such thirty-day (30-day) period, the parties will meet for the purpose of negotiating any modifications or changes required in order to obtain such approval of such authorities; provided, however, that notwithstanding the other provisions of this Article until reinstatement of such approval, the Company shall not be required to make any contributions to the Pension Plan which it is not entitled to deduct as an expense before taxes under the provisions of the Income Tax Act, and any other applicable tax laws now in effect or hereinafter amended or adopted.

8.03 If at any time during the term of this Pension Agreement it shall be necessary or appropriate to make any revision of this Pension Agreement in order to obtain or retain the approval, as defined in Clause 8.01 hereof, by the relevant authorities, the Company may make such revision retroactively or otherwise with the consent of the Union. The making of such revision shall be the subject of immediate negotiations between the Company and the Union and in such negotiations, the Company and the Union shall recognize that the Collective Agreement then in effect was executed in the expectation that the Pension Agreement or one with substantially equivalent benefits would be and remain in effect during the term of this Pension Agreement and of any renewal thereof theretofor made.

8.04 This Pension Plan may be appropriately modified or terminated in the event of the enactment of Federal, Provincial, or Municipal Governmental legislation affecting:

- (a) a contributory (Company or employee) pension plan applicable to employees, or
- (b) a change, modification, or supplement to the statutory benefit that results in a reduction of the aggregate of benefits to employees.

In the event of enactment of such legislation, should the parties be unable to agree upon appropriate modifications of the Pension Plan, either party may by thirty (30) days notice, effective no later than thirty (30) days after such legislation has been officially proclaimed, terminate this Pension Agreement.

8.05 In the event of refusal by the relevant government authorities to approve this Pension Plan on or before three (3) months from date of ratification, or in the event of the government authorities refusing to approve the Pension Plan as defined in Clause 8.01 hereof, after such date, or of their withdrawal after such date of such approval thereof previously given, or in the event that this Pension Agreement is terminated by either party pursuant to the provisions of Clause 8.04, either the Union or the Company may apply to the Ontario Labour Relations Board for permission to terminate any collective agreement then in effect and the other party shall join in such application. On termination, the provisions of the Collective

Agreement shall continue to operate in the manner as provided in the Labour Relations Act of Ontario. If subsequent to notice of termination of such Collective Agreement or subsequent to termination of this Pension Agreement, the parties settle any difference between them and this Pension Agreement is reinstated, or Successor Agreement is made, then such Collective Agreement, if terminated, shall be reinstated to continue in full force until subsequently terminated according to its provisions as contained therein.

8.06 This Pension Agreement constitutes a full settlement of all retirement and pension demands of the Union for its duration, and during the term hereof or of any renewal hereof, neither the Union nor its representatives shall:

- (i) make any demand that this Pension Agreement be changed in any respect or terminated or that a new pension plan be established for the employees or that the Company contribute or pay any greater amount for pensions for the employees than it is required to pay under the provisions of Clause 8.01 hereof, nor
- (ii) engage in, or continue to engage in, or in any manner encourage or sanction any strike or other action which will interfere with work or production at the plants of the Company for the purpose of securing any such change, increase, or termination; and except during the last forty-five (45) days of the term of this Pension Agreement or of any renewal thereof the Company shall not have any obligation to negotiate OR bargain with the Union with respect to any of the matters referred to in (i) of this Clause.

8.07 Subject to the foregoing, this Pension Agreement shall become effective on June 1, 2004 and shall remain in full force and effect until midnight July 23, 2006, and shall continue in effect thereafter from year to year for further periods of one year each unless either party shall have given written notice of termination or written notice of proposals for amendment to the other party prior to, but not more than ninety (90) days prior to, the expiration date or any yearly period thereafter. In the event of written notice of termination or proposals for amendment having been given by either party herein provided, negotiations shall be proceeded with during the notice period with a view to completing a new Pension Agreement. Should such negotiations extend beyond the expiration date, this Pension Agreement shall not expire, but shall continue in full force and effect in accordance with The Labour Relations Act of Ontario, or until a new Pension Agreement is entered into by the parties, whichever date shall occur first. In the event of termination of this Pension Agreement by strike or lock-out, the benefits described therein shall be provided for ninety (90) days.

8.08 Any funds remaining after providing for the satisfaction of all liabilities to employees, former employees, retirants and beneficiaries under the Plan may be returned to the Company.

Termination of this Pension Agreement shall not have the effect of automatically discontinuing the Pension Plan insofar as it affects the pensions of those retiring before the termination date and no pension granted prior to such termination shall be reduced, suspended, or discontinued except as specifically provided in the Pension Plan.

LETTERS OF UNDERSTANDING - PENSION

During recent Contract Negotiations, the following Letters of Understanding were agreed upon by the parties:

1. The Company agrees to furnish the Union with a copy of Pension Plan documents filed by the Company with the Pension Superintendent and their response, including Annual Information Returns and Valuation Reports in respect of the Pension Plan and the Pension Fund.
2. A member of the Union will be appointed by the Union to represent the union on a Pension Advisory Committee as an advisory member.
3. In view of the Company's having increased the basic pension benefit above the \$27.00 level as set out in Article I, Section 1.01(2) (a), the parties agree that the increase in liability applicable to past service and the ongoing expense for future service generated by the aforementioned increase in benefit level will be funded by reduction of the COLA that might otherwise become payable.

It is further recognized that the COLA reduction (after due consideration for "roll-up") required to fund the aforementioned pension benefit increase is equivalent to \$0.13 per member per hour (applicable to the past service liability) for the entire period June 1, 1992 through May 31, 1997 and an on-going, non-refundable amount of \$0.04 per member per hour (applicable to the future service). It is further understood and agreed by the parties that no effort to negotiate any modification whatsoever to this funding arrangement will take place during future contract negotiations.

COLA reduction will commence immediately with the application of an Advance COLA in the amount of \$0.17 as set out in Appendix B of the Collective Labour Agreement. To satisfy the requirement for funding of the past service liability by May 31, 1997, the COLA advance must be recovered no later than the adjustment scheduled for March 29, 1993. Should COLA fail to generate sufficient values to provide for full recovery by March 29, 1993, COLA recovery will be delayed and the past service liability may not be fully satisfied by May 31, 1997 in which case the parties agree that the provisions of this Letter of Understanding will continue to apply until such time: as the full liability as outlined in paragraph one has been satisfied.

Once the aforementioned liability has been fully satisfied, the \$0.13 carved out of COLA to satisfy the past service liability will be reinstated at the next available COLA adjustment date in accordance with the procedure⁸ outlined in Appendix B of the Collective Labour Agreement. It is expected that the \$0.13 COLA carve-out will be reinstated with the adjustment scheduled for June of 1997.

4. In view of the Company's having increased the basic pension benefit above the \$33.00 level as set out in Article I, Section 1.01(2)(a), the parties agree that the increase in liability applicable to past service and the ongoing expense for future service generated by the aforementioned increase in benefit level will be funded by the permanent non-recoverable reduction of COLA of \$.13 that otherwise would have become payable under letter 3 above.
5. In view of the Company's having increased the basic pension benefit above the \$42.00 level as set out in Article I, Section 1.01(2) (a), the

parties agree that the increase in liability applicable to past service and the ongoing expense for future service generated by the aforementioned increase in benefit level will be funded by the permanent non-recoverable reduction of COLA of \$.12 that would otherwise have been a portion of a fourth subsequent adjustment in the third year of the 1998 Collective Labour Agreement as described under Appendix B, paragraph 4, thereof."

Classified and General Job Listing

Department # 64131 – Maintenance

Classified Jobs

- e Technical Specialist
- e Troubleshooter
- e Industrial Electricians
- e Machinist
- e Industrial Mechanic
- e Lubricator
- e Storeskeeper
- e Apprentices
- e Maintenance Planner
- e Maintenance Co-ordinator
- e Building Maintenance

General Jobs for Department Only

- e General Maintenance
- e Truck Repair/Welder

B. Brown
Manager **Labour** Relations

Issued: December 9, 1965
Revised: October 1, 1980
March **22, 1996**
October 16, 2001
August **10, 2004**

Department # 64133 – Power House

Classified Jobs

- 2nd Class Engineers
- 3rd Class Engineers

B. Brown
Manager Labour Relations

Issued **December 9, 1965**
Revised: **October 1, 1980**
 March 22, 1996
 October 16, 2001

Department # 64135 – Floor Space

Classified Jobs

- **Waste Recovery Specialist**

General Jobs

- **Janitors**

B. Brown
Manager Labour Relations

Issued: December 9, 1965
Revised: October 1, 1980
March 22, 1996
October 16, 2001

Department # 64141 – Receiving

Classified Jobs

- Power Truck Operator/Receiver/Trucker

B. Brown
Manager Labour Relations

Issued: December 9, 1965
Revised: October 1, 1980
March 22, 1996
October 16, 2001

August 13, 2004

Department # 64943 – (QAM) Quality Assurance Material – Testing & Lab

All Jobs Classified

- Lab Technician
- Lab Specialist/Inspector

B. Brown
Manager Labour Relations

Issued: December 9, 1965
Revised: October 1, 1980
March 22, 1996
October 16, 2001

Department # 64943 – Quality Assurance Product – QAP

All Jobs Classified

- Test Centre Technician
- QA Technician
- Counter Verifier
- AR QAP Technician

B. Brown
Manager Labour Relations

Issued: December 9, 1965
Revised October 1, 1980
March 22, 1996
October 16, 2001
August 10, 2004

Department # 83511 - Warehouse & Distribution

Classified Jobs

- WMS Resource
- Shunt ~~Truck~~ Driver
- Warehouse/~~Power Truck~~ Operator
- Lead Labeller

General Jobs

- Labeller

B. Brown
Manager Labour Relations

Issued: December 9, 1965
Revised: October 1, 1980
March 22, 1996
October 16, 2001
August 13, 2004

Department # 64521 -- Mixing

Classified Jobs

- # 1 Banbury Trucker Service/Power ~~Truck~~ Operator
- # 1 Banbury Operator
- # 1 Banbury Relief Operator
- e # 1 Banbury Mill Operator/Wig Wag Attendant
- Compounder/Chemical Weigh
- # 3 Banbury Operator
- # 3 Banbury Spare Operator & Belt Loader
- # 3 **Banbury** Transfermix Operator
- # 3 Banbury Wig Wag Attendant & Spare Transfermix Operator
- Waste Control Operator
- # 3 Banbury Relief Operator

General for Department Only

- Absentee Replacement

General Jobs

- Banbury Cleaners
- Downstairs **Trucker**
- # 3 Banbury Trucker Service/Power Truck Operator

B. Brown
Manager Labour Relations

Issued: December **9, 1965**
Revised: October 1, 1980
March **22, 1996**
October 16, 2001
August **13, 2004**

Department # 64531 – Calendering

Classified Jobs

- 4 Roll Calender – Operator
- 4 Roll Calender – Strip Mill Spare Operator
- 4 Roll Calender – Relief Operator
- 4 Roll Calender – Let Off Operator
- 4 Roll Calender – Wind Up Operator (2)
- e 3 Roll Calender – Operator
- e 3 Roll Calender – Mill Spare Operator
- 3 Roll Calender – Windup Operator
- 3 Roll Forklift Operator/Power Trucker/Service
- Utility

General Jobs for Department Only

- Absentee Replacement
- Creel Room Attendant
- Liner Brusher/Reroll/Service

B. Brown
Manager Labour Relations

Revised: September 10, 1964
 March 28, 1967
 April 4, 1967
 July 6, 1967
 October 7, 1968
 September 27, 1974
 October 1, 1980
 March 22, 1996
 October 16, 2001
 August 10, 2004

Department # 64533 – Extruding

Classified Jobs

- 6" Tuber Operator
- 6" Wind-up Spare Operator
- 6" Tuber Relief Operator
- 10" Tuber – Operator
- 10" Tuber – Strip Mill/Spare Operator
- 10" Tuber – Relief Operator
- 10" Tuber – Lead Booker
- 10" Tuber – Millman/Spare Operator
- Utility

General Jobs for Department Only

- Absentee Relief
- 10" Tuber – Booker/Trucker
- Booker

B. Brown
Manager Labour Relations

Revised: **September 10, 1964**
 March 28, 1967
 April 4, 1967
 July 6, 1967
 October 7, 1968
 September 27, 1974
 October 1, 1980
 March 22, 1996
 October 16, 2001
 August 10, 2004

Department # 64541 – Preparation/Beads & Cutters

Classified Jobs

- VMI Operator
- Cutter Operator-- All Cutters
- Bead Coiler Operator/Apexer
- Tip.Flip Operator

General Jobs for Department Only

- Calender Roll Service – Power Truck Operator
- JohnstoneSlitter Operator

General Jobs

- Liner/Reroll
- Miscut Attendant
- Absentee Replacement

B. Brown
Manager Labour Relations

Revised: **December 9, 1965**
 April 21, 1975
 October 1, 1980
 March 22, 1996
 October 16, 2001
 August 10, 2004

Department # 64523 -- Cement Mixing

Classified Jobs

- **Cement Mixing and Delivering**

**B. Brown
Manager Labour Relations**

Issued **March 25, 1966**
Revised: **October 1, 1980**
 March 22, 1996
 October 16, 2001

Department # 64551 – Tire Building

Classified Jobs

- **Builder Specialist**
- **Tire Builder**
- **Uniformity/Aspect Specialist**

General Jobs for Department Only

- **Absentee Replacement**
- **Green Tire Repair and Scrap Pick-up**
- **Flow Co-ordinator**

General Jobs

- **Service & Supply Building Machines**

B. Brown
Manager Labour Relations

Revised: **December 9, 1965**
 October 7, 1968
 April 21, 1975
 October 1, 1980
 March 22, 1996
 October 16, 2001
 August 13, 2004

Department # 64561 -- Tire Curing

Classified Jobs

- Utility
- Press Operator
- **TIR** (Total **I**ndicator Runout) Technician
- Mold Repair
- Mold Prepare
- Mold Change
- Fork Lift Operator/Power ~~Truck~~ Operator
- Curing Specialist
- **Uniformity/Aspect** Specialist

general Jobs

- Mold Clean
- Painter Operator

B. Brown
Manager Labour Relations

Revised: October 1, 1980
 March 22, 1996
 October 16, 2001
 August 13, 2004

Department # 64571 – Final Finish

Classified Jobs

- Utility
- Module Set Up Specialist
- Classpector
- Cured Tire Repair

General Jobs

- Tire Sorter/Blue Paint
- TUO Attendant
- UCM Tire Inflator

B. Brown
Manager Labour Relations

Revised: September 10, 1964
April 2, 1969
March 31, 1975
October 1, 1980
March 22, 1996
October 16, 2001
August 10, 2004

The Company herein agrees to the terms of this Memorandum of Agreement as constituting full settlement of all matters in dispute.

The Union agrees to recommend acceptance of the terms of this memorandum of agreement to their membership.

The parties herein agree that the terms of the collective agreement shall be in effect from June 1, 2004 and expire on July 22, 2006.

The parties herein agree that the said collective agreement shall include the terms of the previous collective agreement which expired on May 31, 2004, provided, however, that the foregoing amendments are incorporated.

Dated at Pittsburgh, Pennsylvania, this 20th day of August, 2004.

FOR THE COMPANY:

Skip Spencer

[Signature]

B. Brown

A. [Signature]

[Signature]

FOR THE UNION:

Marty Warr

Paul Strum

Lee Messence

Larry Knorr

SK Aushman

Karen Kelly

Jim [Signature]

SETTLEMENT MEMORANDUM OF AGREEMENT

This Memorandum of Agreement is entered into **the 20th day of** August, 2004, by and between BFGoodrich Tire Manufacturing, Kitchener, Ontario, hereinafter referred to as the **Company**, and the United Steelworkers of America on behalf of Local #677, hereinafter referred to as the Union.

Whereas: The Parties having given proper advance notice, having engaged in good faith bargaining on a new labour agreement in compliance with the requirements and intent of the Ontario Labour Relations Act, having established a bargaining deadline for 12:01 am on June 1, 2004, consistent with the terms of the Collective Labour Agreement, and a strike having commenced on that date, and;

Whereas: Continuing collective bargaining between the Parties has resulted in a tentative agreement on a new Collective Labour Agreement which will conclude the aforementioned work stoppage, subject to ratification vote approval by the Membership of USWA, Local #677, and approval by **the** United Steelworkers of America International Union, and;

Whereas: It is the mutual objective of the Parties to promote the success of the Kitchener Plant business and the welfare of its employees;

Now, therefore, the Parties do hereby agree **as** follows:

1. The Parties recognize that the plant will be restarted in phases and co-operation will be required by labour and management for a period of time until normal operations are resumed, With the objective of assuring a safe, efficient and timely startup, the Parties agree to co-operate with respect to accepting temporary work assignments, work crews, **and** work schedules until normal plant production levels are attained. The Parties agree that normal operations (no less than **85%**) will be deemed to have been attained no later than two (**2**) weeks following the date that the first employees are recalled back to work. This could include temporary assignments in critical job classifications vacated by retirements or other attrition. Furthermore, by mutual agreement, salaried personnel and bargaining unit employees may work together in specified circumstances until the plant **start up** is complete.
2. Immediately following ratification of the new Collective **Labour** Agreement, the Parties will convene a meeting for the purpose of determining the recall of employees to their respective departments, utilizing **seniority** as the principle for **determining the** order of recall. It is recognized that there may be circumstances which could result in recalling employees out of seniority order based upon the need for certain skills, but it **is** agreed that employees shall begin to be recalled no later than 7:00 a.m. **on** August 25th, 2004.
3. The Parties will convene in advance of the conclusion of the plant startup period for the purpose of **identifying** job classification vacancies which exist,

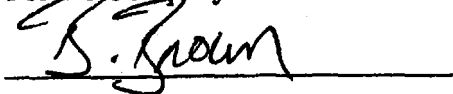
and to determine a mutually agreeable process for permanently filling those jobs. It is agreed that normal operations shall resume not later than two (2) weeks following the date that the first employees are recalled to work. Coincident with the resumption of normal operations, a realignment of the workforce to normal operating crews, shifts, and work schedules will be implemented.

4. All job-related conditions connected with a calendar period (e.g., job learning periods, etc.) that were interrupted because of the work stoppage will resume upon the date that each employee is recalled, including probationary periods for newly hired employees who had not completed their probationary period when the strike commenced.
5. In concert with the process for the phased-in plant startup and coincident with the ratification of the new Collective Labour Agreement, the Company will grant the following:
 - a. Bargaining unit employees shall be entitled to an optional cash advance for amounts up to \$2,500 per employee (application for such advance must be made within thirty (30) days from ratification) with complete repayment to the Company through payroll deduction in equal weekly installments by August 31, 2005. Any repayment obligation will be rescinded by the retirement or death of the employee who receives the cash advance.
 - b. Employees may elect to sell unused vacation back to the Company on a non-precedent basis.
 - c. Student employees who were not able to complete summer employment because of the work stoppage will receive a one-time lump-sum payment by the Company in the amount of \$300 upon ratification of this Agreement.
 - d. No discipline will be imposed on any bargaining unit employee for **any** strike-related act post-May 31, 2004, or any misconduct allegedly committed in connection with any picket line activity.
 - e. The Company will not oppose **any efforts** to obtain Employment Insurance Benefits. Without limiting the generality of the foregoing, the **Company** will provide all necessary and relevant documentation **to** the claimant employees, to Human Resource Development Canada ("HRDC") and to the Union for employees not recalled during the startup of the plant to ensure that those employees will receive Employment Insurance Benefits. Further, any and all information required in order to **satisfy** HRDC that the labour dispute has been concluded within the meaning of Section 36 of the Employment Insurance Act and Section 53 of the Employment Insurance Regulations **will be** provided forthwith by **the** Company.

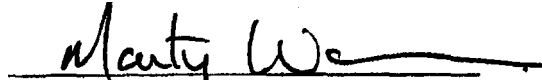
- f. Employees not recalled shall be eligible to participate in the S.U.B. plan no later than five (5) calendar days from the ratification of this memorandum, subject to the terms and conditions of the plan. It is understood and agreed by the parties that an employee will not be disqualified for S.U.B. solely because of the strike.
 - g. The Company will contribute an additional 500 hours to the pool of hours established by Letter #6 of the Collective Labour Agreement to assist Union representatives in the administration of return to work and related employment issues.
 - h. All bargaining unit employees on the Company payroll as of May 31, 2004, will be given credited service and seniority for the purpose of determining eligibility for Floating Holidays (including credited service under the Pension Plan) for the period of June 1, 2004 to the date the employee returns to work following the strike.
6. The Parties agree that no legal action or unfair labour practice charge will be filed against either party for any claim connected with the conduct of the negotiations for a new Collective Labour Agreement, or any action taken during that process.
 7. The Parties agree that the provisions of this Memorandum of Agreement constitute the sole source of rights of bargaining unit members with respect to recall and work assignment during the post-strike plant startup period. To the extent that provisions herein differ from terms and conditions set forth in any other Agreement between the Parties, this Agreement shall supersede only during the startup period.
 8. Any and all claims alleging a violation of this Memorandum of Agreement shall be resolved solely in accordance with the grievance and arbitration provisions set forth in the 2004 Collective Labour Agreement which shall be final and binding on the Parties.
 9. This Memorandum of Agreement is created in concert with the new Collective Labour Agreement dated August 20, 2004, and is incorporated thereof by reference.

In witness whereof, the Parties do hereby affix their signatures.

For the Company:



For the Union:





**United SteelWorkers
of America
Local 677**

Pres, Marty Warren (519) 894 - 7912
V.Pres. Paul Shrum (519) 894 - 7956
Sect. Randy Harding (519) 894 - 7400 4161
Fin. Sec't Terence Habermehl
Trea. Steve Ausman

141 King St. E. TEL. (519) 745 - 7681
Kitchener, Ont. Fax: (519) 895 - 2650
N2G 2K8 email: uswa677@golden.net

Tuesday, August 24, 2004

**Results of the
Ratification Vote**

Eligible Employees on roles:	1106
Number of Employee Signed in:	779
Votes cast:	776
Number of Votes in Favor:	729
Number of Votes Opposed:	46
Spoiled Ballots:	1
Percentage in Favor:	94%

USWA
Local 677
Financial Secretary

Terence Habermehl

RATES OF PAY

The following base rates are to be effective June 1, 2004 at 7:00 a.m. These revised rates cancel and supercedes all existing base rates currently in effect.

Group No.	Experienced Hourly Rates
1	19.596
2	19.953
3	20.259
4	20.565
5	21.126
6	21.483
7	21.870

Maintenance Trade Pay Progression

M1	Startrate	21.31
M1-1	12 Month or Course	22.31
M2	Certification	23.31
M2-1	12 Months and Positive Assessment	24.31
M3	Grandfathered/Pre-Certification	25.81
M3-1	With Certification	26.31
M3-2	12 Months on Dual Skill and Positive Assessment	27.81
M4		28.81
M5		30.81
Powerhouse	3rd class	24.94
	2nd class	25.50

WAGE RATES KITCHENER PLANT

LEARNING SCHEDULES FOR

TRANSFERRED EMPLOYEES WITH GREATER THAN 3 YEARS SERVICE
(for employees hired prior to June 1, 2004)

Payment Group Level	Total No. of Shifts (8 Hour)	Total No. of Shifts (12 Hour)	Hourly Learning Rate	Experienced Rate
1	15 shifts	10 shifts	16.596	19.596
2	25 shifts	15 shifts	16.953	19.953
3	35 shifts	20 shifts	17.259	20.259
4	40 shifts	25 shifts	17.565	20.565
5	40 shifts	25 shifts	18.126	21.126
6	40 shifts	25 shifts	18.483	21.483
7	40 shifts	25 shifts	18.870	21.870

Minimum Rate Guarantees

Tire Builders only (Group 6)	40 shifts	25 shifts	20.41 Minimum Rate Guarantee (MRG)
Tip Flip only (Group 5)	40 shifts	25 shifts	20.07 Minimum Rate Guarantee (MRG)

Note: # of shifts shall mean # of worked shifts

Transferred employee may move to experienced rate upon completion of full learning schedule period or certification, whichever occurs first.

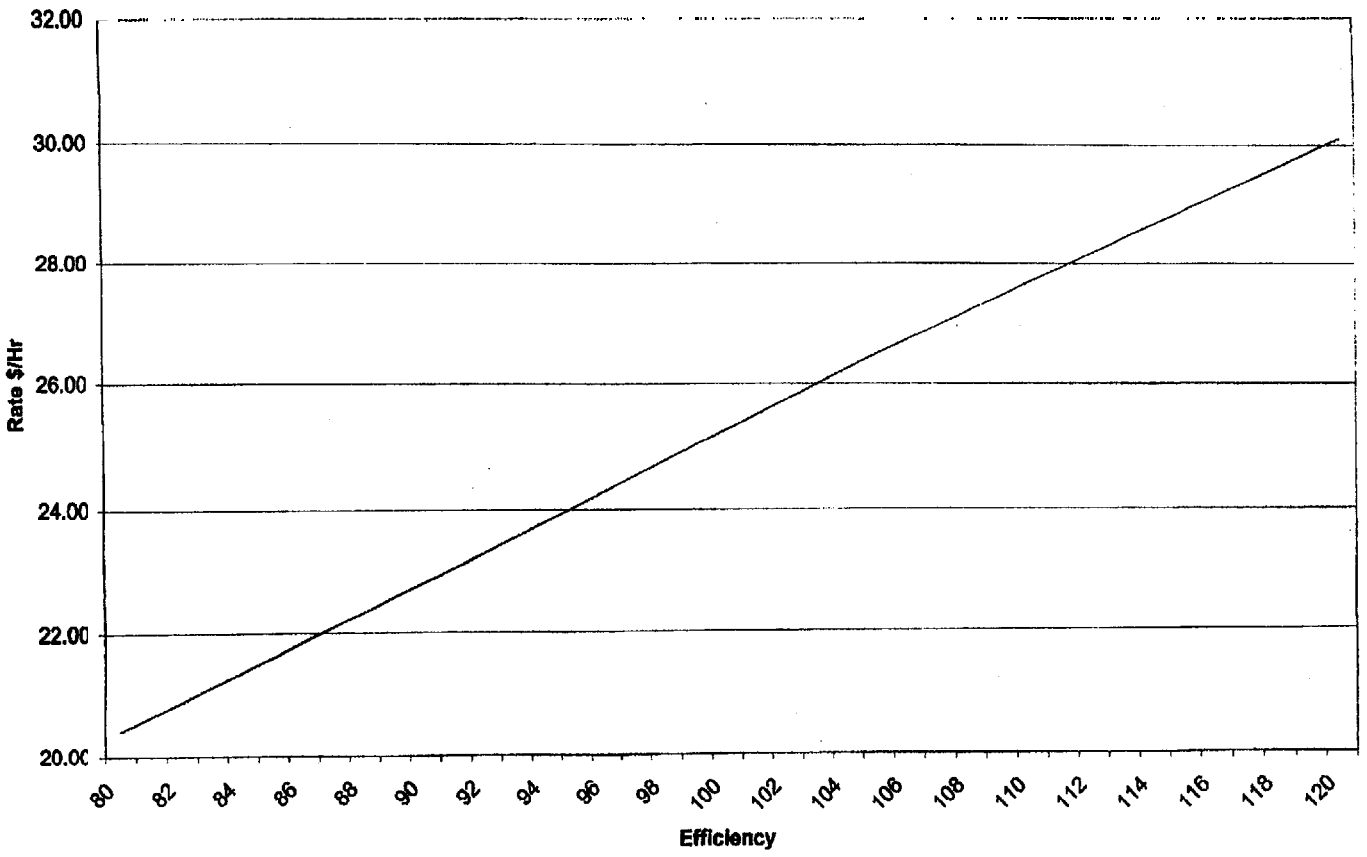
During the 2004 contract negotiations, the following item was agreed upon by the parties:

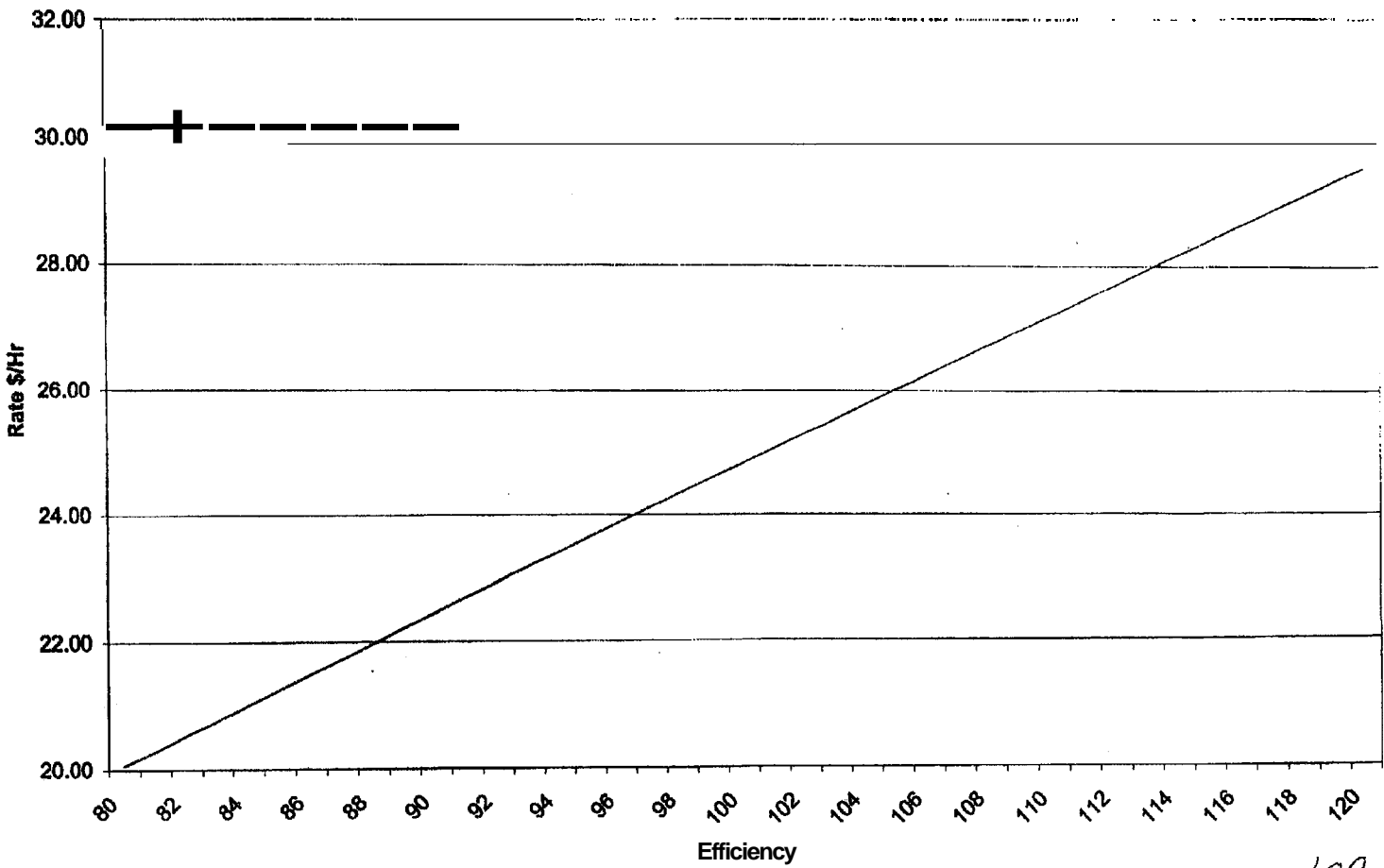
A) Effective June 1, 2004 at 7:00 a.m.

Earnings potential of all employees will be increased by twenty-four cents per hour COLA.

		Attachement "C"	
Incentive Pay Rates			
Efficiency		Building	Beads
%		Rate \$/Hr	Rate \$/Hr
80		20.41	20.07
81		20.65	20.30
82		20.89	20.54
83		21.13	20.78
84		21.38	21.02
85		21.62	21.26
86		21.86	21.50
87		22.10	21.73
88		22.35	21.97
89		22.59	22.21
90		22.83	22.45
91		23.07	22.69
92		23.32	22.93
93		23.56	23.16
94		23.80	23.40
95		24.04	23.64
96		24.29	23.88
97		24.53	24.12
98		24.77	24.36
99		25.01	24.59
100		25.26	24.83
101		25.50	25.07
102		25.74	25.31
103		25.99	25.55
104		26.23	25.79
105		26.47	26.02
106		26.71	26.26
107		26.96	26.50
108		27.20	26.74
109		27.44	26.98
110		27.68	27.22
111		27.93	27.45
112		28.17	27.69
113		28.41	27.93
114		28.65	28.17
115		28.90	28.41
116		29.14	28.65
117		29.38	28.88
118		29.62	29.12
119		29.87	29.36
120		30.11	29.60

Building





107

