

JANUARY 7, 1997 - JANUARY 7, 2000

NIAGARA FALLS, ONTARIO

**BETWEEN: KRAFT CANADA INC.
5651 Lewis Avenue,
NIAGARA FALLS, Ontario**

(Hereinafter called the "Company")

- and -

**SERVICE EMPLOYEES INTERNATIONAL UNION
FIREMEN AND OILERS COUNCIL,
Local Union # 101**

(Hereinafter called the "Union")

ARTICLE 1 - PREAMBLE TO AND PURPOSE OF THE AGREEMENT

1.01 It is the intent and purpose of the parties hereto that this agreement shall:

- (a) Protect and continue to improve the interests of the employees and the Company.
- (b) Provide for the prompt and peaceful adjustment of differences which may arise between employees and the Company.
- (c) Ensure harmonious and efficient operation of the plant.
- (d) Set forth the rates of pay, hours of work and working conditions as are included in this agreement.

ARTICLE 2 - SCOPE

2.01 The Company recognizes the Union as the sole and exclusive collective bargaining agency for all employees covered under this Agreement.

ARTICLE 3 - RECOGNITION

- 3.01 The Company recognizes the Union, Service Employees International Union, Firemen and Oilers Council, Local Union #101, as the exclusive bargaining agent of its employees covered under the scope clause, with respect to wages, hours and working conditions as are included in this Agreement.

ARTICLE 4 - DISCRIMINATION

- 4.01 There shall be no discrimination, restriction, or coercion in respect of an employee or employer exercising any right conferred under this agreement or any law of Canada or Ontario.

ARTICLE 5 - BARGAINING UNIT WORK

- 5.01 Supervisors shall not perform any duties that will eliminate work for employees covered by this Agreement.
- 5.02 Contracting Out - Before any work would be contracted out that is presently performed by bargaining unit employees, it would be discussed with the Union, and any jobs that would be eliminated, the affected employees would be displaced through attrition.

ARTICLE 6 - UNION SECURITY

- 6.01 All employees who, on the effective date of this Agreement are members of the Union in good standing in accordance with its constitution and by-laws, and all employees who become members after that date shall, as a condition of employment, maintain their membership in the Union in good standing for the duration of this Agreement.
- 6.02 When new employees are required, any so employed shall, upon completion of their probationary period, become and remain members, in good standing of the Union.
- 6.03 The parties agree that the above clause will be exercised in a manner consistent with the Labour Relations Act of the Province of Ontario.
- 6.04 Union Representatives shall be regular full time employees of the Company and may be selected in any manner determined by the Union.

- 6.05 The Union shall keep the Company advised in writing with up-to-date lists of the names of Union Representatives and any other representatives of the Union who are authorized to act in adjusting grievances or in transacting other official Union business. The Company agrees to recognize only those representatives whose names have so been submitted in writing.
- 6.06 The Company will recognize a Union-appointed Negotiating Committee which, when meeting with Company representatives shall consist of not more than six (6) full time employees of the Company and the National Representative.
- 6.07 The 7:00 a.m. to 3:00 p.m. shift will be a permanent shift for the office of the Union President. In cases where the President is unavailable due to scheduled vacation or other absences, for one (1) week or more, a designated official of the Union will take his place on the day shift.

ARTICLE 7 - CHECK OFF OF UNION DUES

- 7.01 The Company agrees to deduct from the pay of the employee, who has completed their probationary period, the Union Initiation Fee, and thereafter the weekly dues upon receipt of an authorized form duly signed by the employee making the request, and witnessed by a representative of management.
- 7.02 The Union shall notify the Company, in writing, of the prevailing rate of Union dues and Initiation Fee.
- 7.03 If the total amount earned in excess of all other authorized deductions by the employee, for the pay period in which the dues are deducted, is less than the regular weekly dues, no deduction will be made for that week by the Company.
- 7.04 The Company agrees to deduct delinquent dues upon receipt by the Human Resources Manager, of a list from the Union.
- 7.05 The amount deducted will be forwarded monthly to a designated officer of the local Union.

ARTICLE 8 - ACCESS TO PREMISES

- 8.01 Properly authorized representatives of the Union will be permitted to enter the premises for the purpose of interviewing employees, handling complaints, disputes or grievances or working conditions. It is understood that such representatives, before entering the premises, shall notify the employer of their desire for admittance for such purposes. There shall be no interference with production.

ARTICLE 9 - NO STRIKES

- 9.01 There shall be no strikes, walkouts, slowdowns or sitdowns by the Union, or lockout by the Company during the life of this Agreement. It shall not be considered a violation of this Agreement if members of Local 101 refuse to pass a legally established picket line when or if a legal strike is called by another Union.

ARTICLE 10 - RELIEF FOREPERSON

- 10.01 The Union agrees that the selection of the employee to replace supervision on a temporary basis shall be a management prerogative and that seniority will not be considered in any replacement situation. Employees who are chosen to be Relief Forepersons shall be trained as such up to a maximum of three (3) months, and may be used for relief purposes up to one hundred and twenty (120) days per year.
- 10.02 An employee who temporarily replaces supervisory employees on vacation or extended absence will receive an additional one dollar (\$1.00) an hour over and above the highest classification supervised. When the Company wishes to use an employee in this manner the Union will be notified in writing of the dates involved.

ARTICLE 11 - DISCHARGE CASES

- 11.01 The Union will not question the dismissal of any employee until after they have completed their probationary period as per Article 17.01. An employee will be considered on probation until after they have worked for the period mentioned.
- 11.02 A claim by a permanent employee that they have been unjustly discharged from their employment shall be treated as a grievance if a written statement of such grievance is lodged with the Company within seven (7) calendar days after the employee ceases to work for the Company. All preliminary steps of the grievance procedure prior to Step 3 will be omitted in such cases.
- 11.03 Such discharge grievances may be settled by confirming the Management's action in dismissing the employee or by reinstating the employee with full compensation for time lost, or by any other arrangement of discipline and compensation which is just and equitable in the opinion of the parties of the Arbitration Board.
- 11.04 When an employee has been dismissed without notice, they shall have the right to interview their Union Representative for a reasonable period of time before leaving the premises.

ARTICLE 12 - GRIEVANCE PROCEDURE

- 12.01 It is the mutual desire of the parties hereto that complaints of employees shall be adjusted as quickly as possible, and it is generally understood that employees have no grievance until they have first given to their immediate supervisor, an opportunity of adjusting their complaint.
- 12.02 If an employee has any complaint or question which they wish to discuss with the company, they shall take the matter up with their immediate Supervisor and they may be accompanied by their Union Representative if they request such assistance. This complaint must be submitted within fifteen (15) working days of the incident.
- 12.03 If such complaint or question is not settled to the satisfaction of the employee concerned within three (3) working days, then within three (3) further working days, the following steps of the grievance procedure may be invoked in the order listed below:
- 12.04 Step 1. The complaint shall be submitted in writing and discussed with the immediate Supervisor, who will then have three (3) working days to submit a written reply.
- 12.05 Step 2. If the grievance remains unresolved, the employee, accompanied by his/her Union Representative (limit three) will, within three (3) working days, take the matter up at a meeting with the Department Manager (or authorized representative) and/or such other members of staff (limit three) which may be required by the Company.
- The Department Manager will then have three (3) working days to provide a written decision.
- 12.06 Step 3. If the grievance is still unresolved, the Grievance Committee (limit 4) shall meet with the Plant Manager (or authorized representative - limit 4) and such other members of staff as required, within five (5) working days of the Step 2 decision.
- The International Representative of the union may attend this meeting.
- The Plant Manager (or authorized representative) will then have three (3) working days to provide a decision.
- 12.07 If arbitration is to be invoked, the request for arbitration must be made in writing within fourteen (14) calendar days after the grievance has been dealt with in Step 3.
- 12.08 If required, the time limits indicated in Steps one, two, and three of the grievance procedure, may be extended, by mutual agreement between the Company and Union Representatives.

ARTICLE 13 - DISCIPLINE RECORD

- 13.01 Written disciplinary records and safety violations will be disregarded after eighteen months(18) provided there has been no other written disciplinary measure against the employee from the date of issuance of such written warning.

ARTICLE 14 - ARBITRATION

- 14.01 Should either party request that any matter concerning the interpretation or alleged violation of this Agreement be submitted to arbitration, it shall make such request in writing, detailing the matter to be arbitrated by registered mail and at the same time nominate an arbitrator.
- 14.02 Within five (5) days thereafter the other party shall nominate an arbitrator. The two (2) arbitrators so nominated shall meet immediately and should they fail within three (3) working days to settle the grievance, they shall attempt to select, by agreement, a Chairperson of the Arbitration Board. Should the arbitrators fail to agree upon such a Chairperson within a further period of twenty-four (24) hours, they shall request the Minister of Labour of Ontario to assist them in selecting an impartial Chairperson.
- 14.03 Each of the parties hereto shall bear the expense of their own arbitrator and the parties will jointly bear the expense of the Chairperson of the Arbitration Board.
- 14.04 The decision of the majority of the Board shall be final and binding on both parties and on the employees concerned, but if there is no majority, the decision of the Chairperson shall govern.
- 14.05 The Arbitration Board shall not have the power to alter or change any of the provisions of this Agreement or to substitute any new provisions for any existing provisions, not to give any decision inconsistent with the terms and provisions of this Agreement.

ARTICLE 15 - LABOUR MANAGEMENT

- 15.01 The Management of the Company and the direction of the working force, including the right to plan, direct and control Company operations, to hire, transfer, or to relieve employees from duty because of lack of work or for other reasons, and the right to introduce new and improved production methods or facilities is vested exclusively in the Company subject to the seniority rules, grievance procedure and other provisions of this Agreement as herein set forth.

- 15.02 If changes in manufacturing or improved production methods are contemplated by the Company, the Union will be notified. The Union agrees not to hinder or prevent the Company from making or proceeding with such improved manufacturing or production methods, including but not limited to the installation of new machinery if necessary. The Union further agrees to operate the new machinery or equipment on both a trial or production basis.
- 15.03 Where any new classifications are created, such classifications shall be subject to commencement of negotiations between the Company and the Union within thirty (30) days following the initial production run for inventory. A supplementary agreement covering such new classifications shall be executed and shall be retroactive for the hours worked on the job to the date of the initial production run for inventory.
- 15.04 Should the parties fail to agree, such dispute shall be submitted to a representative of the International Union and the Plant Manager. Should both officials fail to reach an agreement, the matter may be submitted to arbitration in the usual manner.

ARTICLE 16 - MANAGEMENT'S GRIEVANCE

- 16.01 It is understood that the Management may bring forward at any meeting held with the Grievance Committee, any complaint with respect to the conduct of the Union, its Officers, Committee Members or Stewards, and that if such complaint is not settled to the mutual satisfaction of the conferring parties, it may be treated as a grievance and referred to arbitration in the same way as the grievance of an employee.

ARTICLE 17 - SENIORITY

- 17.01 New employees shall be considered on probation and shall not be entitled to seniority rights until they have completed sixty (60) days of work. Upon completion of the probationary period, seniority shall be dated from the first day of employment. During an employee's probationary period, he or she shall be considered as being employed on a trial basis and may be discharged or laid off at the discretion of the Company. Date of hire for seniority purposes will be stamped on the employment application by the Human Resources Department.
- 17.02 Seniority shall be plant-wide, except for the Maintenance Department, and the Company will prepare a seniority list, copy of which will be available to the Union. If it becomes necessary to lay-off employees or in case of promotion, upgrading or vacancies in the plant, excluding Maintenance employees, (see Article 20) seniority shall be the determining factor unless it is mutually agreed that the senior employee is incapable of filling the position.

When an employee has not been on a job for an extended period of time, and the Company requires the employee to work the job or the employee fills that job to maintain his seniority rate, that employee shall be re-familiarized on said job for a period of time necessary to ensure that both the procedural and safety requirements of the job can be met.

The exceptions to the above are cases whereby major modifications have been made to existing equipment or new equipment has been installed which would result in an employee requiring extensive retraining. Re-familiarization is restricted to job review, safety refresher and any minor changes to equipment or procedures.

17.03 In case of lay-off or in case of promotions, upgrading or vacancies in the Maintenance Department, the provision of Article 20 shall govern.

17.04 Job Openings shall be posted five (5) days in advance of the permanent filling of any vacancy or newly-created job.

In the event an eligible employee is absent due to illness, job related injury, vacation, or layoff for a period not to exceed four (4) weeks at the time of job posting, the employee shall be considered with the other eligible employees and if selected the job will not be permanently filled until the employee returns to work. The schedule for the following work week will be set by Wednesday, at 1:00 p.m. (Thursday at 1:00 p.m. if there is a holiday), and will not be subject to change unless deemed necessary by the Company. When preparing this schedule the Company agrees to fill positions in order of seniority, subject to the individual's qualifications.

17.05 An employee shall lose their seniority rights:

1. If they are discharged and not reinstated under the grievance or arbitration procedure provided by this Agreement.
2. If they quit.
3. When they have been laid off continuously for a period of six (6) months. For those employees with two (2) years or more service, for a period of twenty-four (24) months.
4. (a) If, within three (3) days after receipt by registered mail of notice to return to work following a lay-off, they fail either to:
 - i. return to work, or
 - ii. notify the Company of their intention to return to work and do not return within eight (8) days after receipt of notice to return.
- (b) In any case where notification by registered letter has been returned undelivered, inquiry shall be made to the Union in an effort to locate the employee. If an employee cannot be located by these two (2) attempts, then the employee shall be considered as having given up any seniority rights, even though six (6) months referred to in sub-paragraph 3 above has not elapsed.
- (c) Extenuating circumstances shall be taken into consideration by the Company, and extended time limits may be granted.

17.06 Employees who may be rehired by the Company after any of the above breaks in continuous service will be rehired as new employees.

- 17.07 If after long service with the Company an employee becomes physically unable to do his or her job, the Company will endeavour to place the employee in a job within his or her capabilities.
- 17.08 Students hired for the purpose of Vacation Relief shall not be entitled to the provisions of this Article.
- 17.09 The company will be entitled to rely upon the last address and telephone number of an employee as shown in the Company records. Employees shall notify the Company promptly of any change of address or telephone number.
- 17.10 Super Seniority
In cases of layoff of production personnel (excluding skilled trades), the Union President will be the last Bargaining Unit employee to be laid off and in all cases of recall of production employees, the Union President will be the first employee called back.

ARTICLE 18 - PROCESSING/SHIPPING/PACKAGING DEPARTMENTS

- 18.01 Job postings shall be posted five (5) working days in advance of the permanent filling of any vacancy or newly created job, except as noted below.
- 18.02 The following bid positions will be posted to allow employees the opportunity to apply for them once every three (3) years. The bidding process will be completed by the end of January.

Wheat Elevator Operator
Wheat Elevator (Pool)
Product Development Operator (Pool)
Gluer Operator Supply
Gluer Operator
Gluer Operator Helper
Gluer Operator (Pool)
Service Helper - Monday to Friday
Service Helper- Tuesday to Saturday
Oven Cooker Cleaner & Service Helper
Fork Lift Operator & Supply Truck
Bosch Cleaner
Utility Attendant (Laundry)
Q.C. Technician (Pool)
Shredder Cleaner
Fork Lift Operator (Pool)
Utility Attendant (Laundry) (Pool)
Shredder Cleaner (Pool)

- 18.03 Any employee requesting a transfer to another job shall remain on said job until the next transfer period, three (3) years.
- 18.04 Employees will be allowed to bid on three bid and three pool jobs (in order of preference). The job posting will be filled by the Company according to seniority. All employees wishing to either maintain their current bid job or to obtain a new bid job must apply. Employees may hold only one bid or pool job (not both).

18.05 Employees currently holding a bid job who do not retain a bid job through the transfer will be returned to either the Processing or Packaging Department.

18.06 In the event of an employee failing to prove satisfactory on the requested position, they shall return to either the Processing or Packaging Department, according to seniority.

Vacancies in bid jobs occurring in the last year of the transfer period for any reason will first be offered to pool personnel in order of seniority before being posted plant-wide.

18.07 In the event of a cutback in production requiring downsizing of the work force all holders of the bid jobs (Oven Cooker Cleaner & Service Helper) will be protected for a period of one (1) month and will not be bumped out of their own bid job because of seniority after which time seniority and qualifications will be the determining factor.

Step-ups and Step-backs

18.08 An employee who refuses a step-up will be frozen and will forfeit the right to progress to any jobs with a pay rate higher than the rate directly below that of the job that they refused in that Department. They will remain frozen until the next transfer period at which time they must notify the Company in writing should they wish to be unfrozen.

The exception to the above will be a lay-off situation whereby a frozen employee may exercise their seniority to displace a junior employee in a higher pay rate providing they currently have the qualifications to perform the job.

If it becomes necessary to force a frozen employee to step-up it will be done by inverse order of seniority and qualification on a temporary basis.

18.09 (a) Any employee who accepts a step-up over a senior employee retains job preference in all subsequent step-ups.
(b) On a cutback, he or she cannot displace the individual whom they replaced in job preference, but must step down to the next senior job.

18.10 In the event of a cutback in production, the employee in question will be allowed to remain on his/her job, if he/she qualifies by overall seniority. If he/she is displaced by a senior employee for less than a shift, the affected employee may displace the most junior employee in his/her department, providing they can perform the job. This affected employee may displace the junior employee in the plant on his/her shift, providing they can perform the job. In the unlikely event the senior employee is incapable of performing the junior person's job, work will be made available for this employee except in cases whereby the employee is not qualified due to freezing out of this position in the past.

Any employee exercising their options in the above will maintain the highest of the two pay rates.

Downsizing the labour force for one shift or more will be handled according to seniority, however, to administer this, the Company will have the remainder of the shift to the next available shift of the following day to allow employees to exercise seniority rights to either displace the most junior employee on another shift or to choose to take a lay-off.

The Company will make every reasonable effort to contact the employees for the next shift in regards to downsizing the labour force. The premium as defined in Articles 18.11 and 29.15 does not apply in this shift change. (Refamiliarization provisions in 17.02 shall apply.) For employees being called in on a daily basis, refusal to work a double shift will not be deemed refusal of an opportunity to work for the purposes of completing a 40 hour work week, if it comes available.

- 18.11 The Company maintains the right to move people from one job to another within the shift to meet changing production needs. If employees are assigned to jobs contrary to their seniority for the Company's convenience, they will be paid the highest rate of the two jobs involved.

Temporary vacancies (one week or less) in the Processing Department will be filled on the basis of the step-up procedure by the employees on the affected shift. However, if there are insufficient qualified employees after the step-up procedure and including recall from lay-off, and if it is necessary to fill the remaining vacancy, it will be filled by overtime for the first day and in a manner consistent with the other terms of this Collective Agreement thereafter.

- In the unlikely event it becomes necessary to reschedule an employee from one shift to another shift after the employee has commenced their shift for the week, the employee will receive time and one-half (1-1/2) for their first new shift providing they haven't received twenty-four (24) hours notice from the commencement of their new shift.

These rulings shall be in effect to all employees, the only deviation to be in cases where there are compassionate reasons, those to be adjusted by a committee of the Company and Union.

Hiring New People

- 18.12 New unskilled positions will be hired into the Packaging Department.
- 18.13 Openings in Processing will be posted as needed by the Company.
- 18.14 The Company is responsible for training individuals in Packaging and Processing to fill jobs within their own department by seniority.

ARTICLE 19 POSTING AND FILLING OF POSITIONS **HIGH TECH PACKAGING**

- 19.01 Job openings in the High Tech Packaging Department shall be posted for five (5) working days in advance of the permanent filling of any vacancy or newly created job.

- 19.02 The determining factors in selecting the successful applicants will be based on seniority and successfully obtaining a passing grade on the entrance level aptitude test. The test result will be made available to the Union upon request.
- 19.03 Trainees will enter a one (1) year Training Program consisting of both on the job and classroom training. The Company will make every effort to ensure the training program will be completed within the one year. In order to fully complete the Program, the Trainee must successfully complete each one of the blocks of the Training Program. If a trainee is unsuccessful on the first attempt of a training block, the trainee will have an opportunity for a review in the areas not understood and given a second attempt to complete the training block. Failure to do so will result in being removed from the Program.
- 19.04 The Training Program will be divided into the following advancement levels with the appropriate rate increases, as established in Schedule A.
- Start (Rate minus \$0.61)
 - 1/2 Complete (Rate minus \$.31)
 - Completion Rate.

ARTICLE 20 - POSTING AND FILLING OF POSITIONS - MAINTENANCE

- 20.01 The Company will select and control all personnel in this Department subject to qualifications and seniority.
- 20.02 Employees of other departments will be considered for this Department subject to necessary qualifications and seniority, only when an opening is available.
- Job openings shall be posted six (6) days in advance of the permanent filling of any vacancy or newly created job.
- 20.03 In cases of cutback or lay-offs, those presently engaged in this Department could step down in classification within the Department if qualified to do so, or could transfer into a Processing/Shipping/Packaging Department in accordance with their plant seniority and necessary qualifications.
- 20.04 During a 12 month period, an employee who transfers to Maintenance will continue to accumulate seniority in Processing/Shipping/Packaging and if he/she wishes to return to Processing/Shipping/Packaging during the 12 month period, the employee may use their seniority to displace a more junior employee providing he or she can perform the work available.

Area Mechanic "Trainee"

- 20.05 The employees will start at fifty cents (\$0.50) below the Area Mechanic rate, will be advanced twenty-five (\$0.25) per hour after six (6) months and will reach the Area Mechanic classification rate after working twelve (12) months provided the employee has reached the qualifications expected by the Company.

The employee will be classified as an Area Mechanic Trainee for a period of twelve (12) months, however, he or she shall be on probation for up to sixty (60) worked days.

If, in the opinion of the Company, a trainee is qualified prior to the twelve (12) month period and an opening is available, then the trainee may be assigned to the classification and paid as an Area Mechanic.

If, after qualifying as an Area Mechanic, there is no job opening in that classification, the trained employee will return to Production without loss of seniority until an opening as Area Mechanic occurs, at which time the trained Area Mechanic will fill the vacancy.

During the twelve (12) month training period, the employee will continue to accumulate seniority in Production, and if returned to Production during the twelve (12) month period, the employee may use their seniority to displace a more junior employee providing he or she can perform the work available.

An employee, who successfully passes the training program and becomes assigned to an Area Mechanic classification will commence accumulating seniority in the Maintenance Department on the date assigned as an Area Mechanic.

Area Mechanics:

20.06 The parties agree that Area Mechanics will be given the opportunity for upgrading their skills through training to maintain positions in Maintenance Department in case their positions become redundant.

If the Area Mechanics cannot meet the requirements of the available position and their job becomes redundant then they will return to the Production floor.

ARTICLE 21 - LAY-OFFS

21.01 Whenever it becomes necessary to lay-off employees, they shall be laid off in turn, according to seniority, as agreed upon, provided however, that the Company shall always have the qualified personnel to maintain production. When recalling employees to work after lay-off, they shall be recalled in the inverse order to that in which they were laid off.

ARTICLE 22 - LEAVE OF ABSENCE

22.01 Requests for leave of absence must be made to the Company in writing. Wherever good and sufficient reasons exist, the Company may grant a leave of absence which will not be unreasonably denied, of not more than thirty (30) days. The Company will advise the Union when a Leave of Absence has been granted.

22.02 Such leave of absence may be extended for an additional period of not more than thirty (30) days under the same conditions.

22.03 Any employee engaging in other employment during a leave of absence, or extension thereof, shall be subject to immediate dismissal.

- 22.04 Members of the Union may apply for a leave of absence to attend to Union business, provided they have been designated as representatives by the Union.
- 22.05 Any employee elected to Public Office will, upon request in writing, be granted a leave of absence without pay, not to exceed twenty four (24) calendar months without a break in continuity of Company service. An extension of such leave will be granted by mutual agreement of the Company and the Union prior to termination of the original leave.

ARTICLE 23 - MEDICAL/DENTAL/INSURANCE PLAN

- 23.01 The Kraft Canada Inc. Health Care Plan is offered to full-time permanent unionized hourly Niagara Falls employees. Employees and their eligible dependents are covered under the plan immediately following the probationary period with Kraft Canada Inc.
- 23.02 All regular full-time employees will be covered for expenses incurred while on lay-off for a maximum period of six (6) consecutive months.
- 23.03 Coverages of each of the plans will be set forth in booklets available for each employee.
- 23.4 The Company agrees to notify the Union 60 days prior to any change in benefit carriers.

ARTICLE 24 - BEREAVEMENT LEAVE

- 24.01 In the event of death in an employee's immediate family for parents, sister or brother, mother-in-law or father-in-law, brother and sister-in-law, grandparents, the employee shall be entitled to be absent from work for a period up to but not more than three (3) regular working days when such absence is necessary to make arrangements for and/or attend the funeral.

In the event of death in an employee's immediate family of spouse or children, the employee shall be entitled to be absent from work for a period up to but not more than five (5) regular working days when such absence is necessary to make arrangements for and/or attend the funeral.

An employee will be entitled to be absent from work for one (1) working day for death of grand-parents-in-law.

- 24.02 During such absence, the employee shall be compensated at his or her straight time hourly classification rate for such regular working time lost.
- 24.03 Such absentee compensation shall not include pay for lost overtime, or premium pay. It shall include paid holiday pay. An employee on vacation when a bereavement occurs shall be entitled to take any lost vacation days up to a maximum of three (3) or five (5) regular consecutive working days at a later date as mutually agreed upon between the Company and the employee.

ARTICLE 25 - UNIFORMS

- 25.01 The Company will furnish and pay for all necessary work-uniforms worn by its employees. Uniforms will be laundered at the expense of the Company and shall remain Company property.

ARTICLE 26 - SHIFT PREMIUM

- 26.01 It is agreed between the Company and the Union that a premium of fifty cents (\$.50) per hour shall be added to the regular hourly rate of all employees when they work on a scheduled second shift and sixty cents (\$.60) per hour on the scheduled third shift.
- 26.02 The above premium rates do not apply to the first (day) shift.
- 26.03 The shift premium shall be computed without regard to overtime pay provisions.

ARTICLE 27 - PREMIUM FOR SUNDAY WORK

- 27.01 During the life of the contract, the Company agrees to pay employees who are scheduled to work and do work, two dollars (\$2.00) per hour in addition to their straight time hourly rate for each hour worked on Sunday and the day observed by the Company as Paid Holidays as per Article 32.
- 27.02 It is understood that this additional rate of two dollars (\$2.00) shall only be paid for hours worked between 12:01 a.m. and 11:59 p.m. on Sunday and Paid Holidays.
- 27.03 The above premium is to be calculated without regard to overtime provisions. In other words, the premium is paid for all hours worked but not to be calculated with overtime premium.

ARTICLE 28 - REPORTING PAY AND CALL BACK

- 28.01 Reporting Pay - Employees called for work by the Company and who report for work are to receive four (4) hours pay, provided, however, that at the option of the Company, any or all such employees who are called for and report for work, accept work in classifications other than those for which they may have been called, if in the judgment of the Company, such other work is necessary.
- 28.02 Call Back Pay - Any employee called to work after completing their previous day and prior to commencing their current or next day shall receive pay as per Schedule "A" but not less than three (3) hours pay at the rate of time and one-half (1-1/2) the straight time hourly rate.

1. If an employee is called to work within a two (2) hour period prior to their assigned starting time, they shall receive the above compensation. However, if the initial emergency is completed prior to their assigned starting time, they may be assigned other work.
2. If any employee reports for work prior to their assigned starting time by their own accord and are requested to perform work during this prior period, they shall receive time and one-half (1-1/2) rates for any hours worked over eight (8) hours on that day.
3. If an employee is called to work prior to two (2) hours before their assigned starting time, they shall receive compensation at time and one-half (1-1/2) rates for hours worked with a minimum guarantee of three (3) hours at the rate of time and one-half (1-1/2) the straight time hourly rate.
4. The maximum payment for an employee's assigned daily eight (8) hours will be at straight time rates.
5. The maximum rate that can be paid for any time worked is time and one-half (1-1/2) the applicable straight time hourly rate.

ARTICLE 29 - HOURS OF WORK AND WORKING CONDITIONS AND OVERTIME

- 29.01 Forty (40) hours, consisting of five (5) consecutive eight (8) hour days shall constitute a work week.
- 29.02 The normal work day shall be one (1) of eight (8) consecutive hours.
- 29.03 A day worker is an employee who is assigned to a job that is regularly scheduled on days from 7:00 a.m. to 3:00 p.m. and/or 8:00 a.m. to 4:00 p.m., Monday to Friday.
- 29.04 A shift worker is an employee who is assigned to a job which is regularly scheduled in any of the following categories:
- (a) a job on regularly rotating shifts (day, afternoon and night)
 - (b) a job regularly rotating between any two shifts
 - (c) a job on either the afternoon or night shifts
 - (d) a job on days which is scheduled for any days of the calendar work week which includes Saturday and/or Sunday.
- 29.05 Employees will receive a one half (1/2) hour paid lunch period.
- 29.06 Any employee working ten (10) or more consecutive hours, in any one shift, shall be granted a meal allowance of seven dollars (\$7.00).
- 29.07 Employees will receive two (2) fifteen (15) minute paid reliefs.
- 29.08 All time worked over eight (8) hours in any one (1) shift shall be considered as overtime and shall be paid at the rate of time and one-half (1-1/2) the regular straight time hourly rate.

- 29.09 All time worked over forty (40) hours in any one (1) work week shall be considered as overtime and shall be paid at the rate of time and one-half (1-1/2) the regular straight time hourly rate.
- 29.10 Overtime is to be calculated on either the daily basis (29.08) above or weekly basis (29.09) above, as may be applicable, but not both.
- 29.11 Any individual employee whose work week is changed on a step-up or step-down in production or shift schedule will not be entitled to overtime under Sections 29.09 and 29.12, should his new shift start on the sixth (6th) or seventh (7th) day of his previous scheduled shift.
- 29.12 Time and one-half (1-1/2) the straight time hourly rate shall be paid for all work performed on the sixth (6th) day and two (2) times the straight time hourly rate shall be paid for all work performed on the seventh (7th) day in any work week. The sixth (6th) and seventh (7th) day is defined as the employee's scheduled days off.
- 29.13 Work weeks and pay weeks shall coincide.
- 29.14 If shifts are changed to prevent overtime it would be done with the mutual agreement of Management and Union. When Monday production shifts are changed to Sunday starting, whenever possible, all such shifts shall continue through until Friday.
- 29.15 If an employee's scheduled shift is changed and the employee is not notified of such change at least forty-eight (48) hours prior to the starting time of the first day or shift to be worked after the change of schedule, he shall be paid time and one-half (1-1/2) rate for the first eight (8) hours which follows such change of schedule.
- 29.16 **SCHEDULED OVERTIME PROCEDURE**
(Processing/Shipping/High Tech Packaging and Packaging)
Overtime is all work scheduled over and above normally scheduled working hours, according to Article 29.01 and 29.02.
- a) Scheduled overtime will be filled the same as unscheduled overtime with the exception of when trades are made for less than one (1) week, in this case, scheduled overtime goes to the person scheduled.
 - b) Vacancies on scheduled overtime will be filled by the next senior person eligible as per schedule.
 - c) If an employee does not accept an overtime opportunity, it will be acknowledged that the person has been asked and they will not be asked until all other employees have declined the opportunity.
 - d) When a temporary vacancy occurs due to absenteeism on scheduled overtime, Article 29.17 B4 will apply unless sixteen hours (16) advance notice is given.
- 29.17 **UNSCHEDULED OVERTIME PROCEDURE**
Unscheduled overtime is all work performed but not scheduled, over and above normally scheduled working hours due to a vacancy on a specific job or to satisfy unscheduled packaging or production requirements, according to Article 29.01 and 29.02.

Procedural Steps

- a)
 1. Offer to the person scheduled on the job (this includes bid and non bid positions).
 2. Offer to the senior scheduled person available on the same rate, same shift and same department including department trainers.
 3. Offer to the senior scheduled qualified person available on the same shift and same department.
 4. Offer to the senior scheduled qualified person available, any department, same shift including those on bid and pool positions.
 5. Offer to the senior scheduled qualified person any shift, same rate, same department.
 6. Offer to the senior qualified person available, any department except Maintenance and Repair.
 7. Overtime person goes to opening.

- b)
 1. In cases where a person is stepped-up or down during the week, the person scheduled on the job will be entitled to any overtime.
 2. If a person scheduled on the job required for overtime is absent, it becomes an open shift, we then start with A-2.
 3. (a) When trades are made for a full week, overtime goes to the person who works the job.
(b) When trades are made for less than one (1) week, scheduled overtime goes to the person scheduled.
 4. When a vacancy occurs, the first four (4) hours will be filled by the preceding shift and the second four (4) hours will be filled by the following shift.

ARTICLE 30 - JURY DUTY

- 30.01 The Company agrees to pay up to eight (8) hours at the straight time hourly rates, depending upon the daily working hours for the department of the employee involved, for each day an employee is required to serve and does serve on any jury, or is subpoenaed as a witness, provided the employee would have been scheduled to work on the day or days actually served on the jury.
- 30.02 The employee, however, will be required to turn into the Company, the jury duty fee (any monies received to compensate for lost wages), in order to receive the compensation provided.

ARTICLE 31 - VACATIONS

- 31.01 The schedule of vacations will be completed by March 15th.
- 31.02 Schedule:
2 weeks after 1 year of service.
The Company will grant the above vacations during the vacation period - June, July and August.
3 weeks after 5 years of service
4 weeks after 10 years of service
5 weeks after 18 years of service
6 weeks after 25 years of service

- 31.03 Any employee hired after August 31st and before December 31st shall be entitled to receive a vacation in the regular vacation period of the following year; however, the vacation pay shall not be paid to the employee until after the anniversary date of the employee's employment.
- 31.04 Pay for the vacation shall be on the basis of two percent (2%), four percent (4%), six percent (6%), eight percent (8%), ten percent (10%) or twelve percent (12%), of the earnings for the previous calendar year or the rate for the classification at which he or she is employed at the time of vacation at the normal hours per week, whichever is greater.
- 31.05 In the event of an employee leaving the service of the Company, vacation payment, shall be paid to such employees in accordance with the provisions outlined above, namely 2%, 4%, 6%, 8%, 10% or 12%.
- 31.06 NOTE: Earnings represent the total received in hourly rates and shift premium.

ARTICLE 32 - HOLIDAYS

- 32.01 The following days shall be observed as holidays:

New Year's Day	Thanksgiving Day
Good Friday	Christmas Day
Canada Day	Victoria Day
Civic Holiday	Boxing Day
Labour Day	Day after New Year's

In addition to the Paid Days listed above, the Company will grant two (2) additional days. Effective January 1, 1998, one (1) additional day will be added, for a total of three (3) additional days. These days will be mutually decided upon by the Company and the Union by March 1st of each year, and the Company will notify the employees. If both parties fail to agree by the above date, the Company will have the final decision on when the holidays will take place.

The maximum number that can be paid is twelve (12) paid days in a calendar year. Effective January 1, 1998, thirteen (13) paid days in a calendar year.

- 32.02 The Company agrees to pay all the employees covered by this Agreement, one (1) full day's pay for each of the above-listed holidays on which they do not work or to such of the employees who work on these holidays, two and one-half (2-1/2) full day's pay, subject to the following conditions:
- a) An employee must have completed his or her probationary period.
 - b) An employee must work at least one (1) full day during the holiday week to receive pay for the holiday.

- c) During a holiday week any employee who is hired after that holiday, or leaves the service of the Company prior to that Holiday, shall not receive pay for the holiday.
- 32.03 All production work on any other holiday not listed above shall be at straight time.
- 32.04 Any work above eight (8) hours on any of the holidays specified above shall be paid for at two and one-half (2-1/2) times the straight time classification rate.
- 32.05 Any employee working in a shift which carried over into a holiday, shall be paid the classified straight time rate for the shift. Overtime rate for such shift will be paid at the rate of time and one-half (1-1/2) the classified straight time rate.
- 32.06 Cookers shall observe the day preceding a paid holiday as the holiday.
- 32.07 Any employee taking their paid vacation in the week in which any of the above-listed holidays fall, shall receive an extra eight (8) hours pay for that week.
- 32.08 In weeks in which a paid holiday falls everyone, except Cookers, Oven Cooker Cleaner Service Helper and Cooker Cleaner and Service Helper, shall be scheduled for a work week of Monday to Friday.
- 32.09 If a holiday falls on a Saturday, it will be recognized on the preceding Friday.
- 32.10 If a holiday falls on a Sunday, it will be recognized on the following Monday.
- 32.11 In cases where successive holidays fall on a Sunday and Monday, they will be recognized on the Monday and Tuesday.
- 32.12 In cases where successive holidays fall on a Friday and Saturday, they will be recognized as a Thursday and Friday.

ARTICLE 33 - SAVINGS CLAUSE

- 33.01 It is understood and agreed that all the provisions of this Agreement, and the interpretations thereof, shall be subject to all present or future laws, orders regulations, and by-laws made or enacted by or pursuant to authority of the Parliament of Canada, the Legislature of Ontario or any other lawful authority and shall be deemed to be modified as necessary so that this Agreement shall at all times comply with any changes in same.

ARTICLE 34 - SEVERANCE PAY/CLOSURE AGREEMENT

34.01 The Closure Agreement referred to in this article was negotiated in good faith between the Company and the Union to provide as much protection and help as possible to employees in the event of a full or partial closure.

In the event of a full or partial closure of all or part of the business, the Company will notify the Union as far in advance as possible. Such notice shall be in writing and indicate the reason for the action.

34.02 In the case of partial or full plant closure, the Company shall supply the Union with a current seniority list immediately.

34.03 The Company agrees to meet with the Union to discuss the contemplated shutdown with a view to providing a solution to the problem, or jobs for the employees involved. To this end, the Company and the Union will put into place a Human Resources Adjustment Committee, comprised of two Management and two Union Executive representatives, to provide out-placement services for employees. Such services would include, but are not limited to, resume writing, counseling and job search assistance. The full scope of the Committee's responsibilities will be defined by the Committee members. This Committee will be funded by the Company and remain in place for 12 months after the closure/partial closure date.

34.04 An employee, excluding an employee on probation, who is permanently laid-off or terminated due to such causes as transfer or discontinuance of the manufacture of a product, introduction of new equipment or processes, closing of the plant or part of the plant, or other cases which, insofar as the Company can determine, permanently reduce the work force, shall be entitled to benefits under the Severance Allowance/Closure Agreement in accordance with the following provisions:

- 1) The Company will advise the Union as soon as possible in advance if a permanent layoff or termination with Severance Allowance, as provided in this Article, is to take place.
- 2) An employee who is eligible for Severance Allowance shall be paid an amount equal to the employee's regular wages for eight days (8) of non-overtime work multiplied by the sum of:
 - a) the number of the employee's completed years of employment; and
 - b) the number of the employee's completed months of employment divided by 12, but shall not exceed fifty-two (52) weeks regular wages for a regular non-overtime work week.
- 3) An employee who is permanently laid-off or terminated may elect to remain on the plant seniority list for possible recall. In such cases, the Company will pay the Severance Allowance payment to the Director of the Employment Standards Branch in trust for a maximum of twenty-four (24) months, during which time the employee may request payment with a complete break in service.

- 4) Severance Allowance shall not be paid:
 - a) to an employee with less than three (3) years seniority;
 - b) to an employee who is temporarily laid-off due to the fluctuation of volume of business;
 - c) to an employee who is discharged for just cause;
 - d) to an employee who voluntarily resigns from the Company's employ;
 - e) to an employee who retires from the Company's employ;
 - f) In the event of closing the plant or part of the plant due to Acts of nature or in times of public peril, war, disaster or any other reason of similar nature;
 - g) The number of weeks of Severance Allowance will not exceed the number of weeks remaining to an employee's normal retirement date.

ARTICLE 35 - SAFETY AND HEALTH

35.01 It is the desire of the Company and the Union to maintain high standards of safety in order to eliminate industrial accidents and illnesses.

It is agreed that the Occupational Health & Safety Act R.S.O. 1990, c.O.I. as amended by S.O. 1992, c.14 s.2 hereafter referred to as the Health and Safety Act is incorporated into and forms part of this agreement.

35.02 Accordingly, there is hereby established a Safety Committee, members of which shall represent the following units and each of whom shall be elected by membership every two (2) years.

- | | |
|---------------------------|------------------------|
| 1. Maintenance | 4. Shipping |
| 2. Environmental Services | 5. Processing |
| 3. Packing | 6. High Tech Packaging |

35.03 It shall be the duty of the Safety Committee, at regular intervals, to make or cause to be made, inspections of the plant and to report the existence of any condition which, in its opinion, shall be hazardous to the employee or employees. The Safety Committee shall meet at regular intervals and shall make recommendations respecting conditions which, in its opinion, require correction.

ARTICLE 36 - SAFETY SHOES

- 36.01 The Company agrees to pay a maximum allowance of seventy-five dollars (\$75.00) per calendar year to employees, with seniority, for the purchase of Safety Shoes, to be worn at work by all employees.
- 36.02 If shoes are not purchased in any given calendar year, the allowance may be carried over into the following year. The maximum allowance of two (2) years should be used in its entirety in the second year with the allowance reverting to the amount specified in 36.01.
- 36.03 The employees will be required to submit original receipts or to purchase same through the Company, to be entitled to said payment.
- 36.04 All employees must wear safety shoes.

ARTICLE 37 - TOOL ALLOWANCE

- 37.01 The Company will pay a Tool Allowance of one hundred and seventy-five dollars (\$175.00) each calendar year for the purchase of tools needed on the job. (Area Mechanic, Machinist, Maintenance Mechanic, Electrician).
- 37.02 This amount will be payable for each calendar year commencing January, following the completion of one (1) year of service. The employee will be required to produce receipts for such disbursements or to purchase through the Company.
- 37.03 The Company agrees to provide tools for the Oiler and Mechanics needed to carry out their regular duties.

ARTICLE 38 - PERIOD OF AGREEMENT:

38.01 This Agreement shall be in full force and effect from January 7, 1997 to, and including January 7, 2000 and thereafter until a new agreement has been consummated and signed, or until this Agreement, after the above expiration date, has upon thirty (30) days' notice, been canceled by the Company or by the Union provided, however, that either the Union or the Company can submit any changes or modifications which they desire, within sixty (60) days prior to January 7, 2000. Any changes agreed upon will be retroactive to January 7, 2000, unless otherwise agreed upon in the Memorandum of Settlement.

FOR THE COMPANY

FOR THE UNION

DATE SIGNED _____

SCHEDULE "A"

	EFFECTIVE JAN.7,1997	EFFECTIVE JAN.7,1998	EFFECTIVE JAN.7,1999
<u>PROCESSING</u>			
Shredding Machine Operator	18.93	19.43	19.93
Reliever "A"	18.85	19.35	19.85
Automatic Oven Operator	18.60	19.10	19.60
Production Development Operator	18.60	19.10	19.60
Gluer Operator & Supply	18.46	18.96	19.46
Wheat Elevator Operator	18.30	18.80	19.30
Flaker Oven Operator	18.19	18.69	19.19
Coater	18.19	18.69	19.19
Cooker	18.19	18.69	19.19
Reliever "B"	18.19	18.69	19.19
Cooker Utility	18.19	18.69	19.19
Cluster Blender	18.19	18.69	19.19
Gluer Operator	18.18	18.68	19.18
Bosch Cleaner	17.93	18.43	18.93
Gluer Helper	17.69	18.19	18.69
Case Piler	17.68	18.18	18.68
Wheat Elevator Helper	17.61	18.11	18.61
Shredder Cleaner	17.53	18.03	18.53
Packing Supply	17.53	18.03	18.53
Bulk	17.46	17.96	18.46
Service Helper	17.43	17.93	18.43
Product Handler	17.43	17.93	18.43
 <u>SHIPPING</u>			
Fork Lift Operator	17.99	18.49	18.99
Supply Truck	17.99	18.49	18.99

EFFECTIVE JAN.7,1997	EFFECTIVE JAN.7,1998	EFFECTIVE JAN.7,1999
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MAINTENANCE & REPAIR

Machinists & Maintenance Repair	20.42	20.92	21.42
Electrician II (Electronic)	21.60	22.10	22.60
Packaging Machine Mechanic (609C)	19.91	20.41	20.91
Area Mechanic (Machine set-up and Service)	19.50	20.00	20.50
Mechanic (Shredder Roll Service)	19.00	19.50	20.00
Painter	18.24	18.74	19.24
Oiler - Utility	18.24	18.74	19.24
Senior Stockroom clerk	17.81	18.31	18.81

HIGH TECH PACKAGING

Packaging Technician (Start)	18.92	19.42	19.92
- Training Program (1st Half)	19.22	19.72	20.22
- Training Program (Completion)	19.53	20.03	20.53

PACKAGING

Big Biscuit Packaging Machine Operator	17.67	18.17	18.67
Q.C.Technician (Pool)	17.67	18.17	18.67
Packing Machine Operator	17.43	17.93	18.43
Utility Attendant (Laundry)	17.43	17.93	18.43
General Help	16.77	17.27	17.77

New Employees (excluding Machinist Maintenance Mechanic and Electricians) will be hired forty-five cents (\$0.45) below classification rate.

The employee will attain the assigned classification rate after a period of sixty (60) days of work.

Students hired for the purpose of Vacation Relief in Packaging shall receive a rate of nine dollars (\$9.00) and in other departments ten dollars (\$10.00).

CLASSIFICATION - Oven Cooker Cleaner and Service Helper
 DEPARTMENT - Sanitation - Processing
 BASIC WEEK - 40 Hours
 WORK WEEK - Wednesday through Sunday

	EFFECTIVE JAN. 7, 1997	EFFECTIVE JAN. 7, 1998	EFFECTIVE JAN 7. 1999
Rate	17.93	18.43	18.93

WORK WEEK: - Tuesday through Saturday

Rate	17.74	18.24	18.74
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The Company will pay an employee covered by the Apprenticeship Program in the following manner:

	EFFECTIVE JAN. 7, 1997	EFFECTIVE JAN. 7, 1998	EFFECTIVE JAN 7. 1999
1 st - 1,000 hours	14.13	14.63	15.13
2 nd - 1,000 hours	14.98	15.48	15.98
3 rd - 1,000 hours	15.65	16.15	16.65
4 th - 1,000 hours	16.33	16.83	17.33
5 th - 1,000 hours	17.00	17.50	18.00
6 th - 1,000 hours	17.64	18.14	18.64
7 th - 1,000 hours	18.34	18.84	19.34
8 th - 1,000 hours	19.17	19.67	20.17

Completion - Journeyman's rate

1. All rates to be effective the first of the week following completion of the required hours.
2. Upon completion of the program and reclassification to a Journeyman, the employee will be credited with seniority from the original date of hiring, except for the purposes of choice of vacation and lay-off when it shall be established at one-half (1/2) the time from original to reclassification as a Journeyman.

APPENDIX "A" BENEFITS

PREAMBLE

Along with provincial hospital and medical plans, the Kraft Canada Inc. Health Care Plan provides you with financial security against the high cost of health care. The Kraft Canada Inc. Health Care plan will not provide coverage for any gaps created by changes in either the provincial or federal government plans.

Appendix "A" is intended as a plan summary. In the event of any discrepancy between the official document and this summary, the official document will prevail.

If you require further information concerning any aspect of your Health Care Plan, please contact your local Human Resources Department.

The Company will continue to administer the Kraft Canada Inc. Health Care Plan and maintain present benefit coverage as set forth below. New redesign of the Kraft Canada Inc. Health Care Plan will be offered to the Union in 1997. The Union will be given the choice between the current plan and the new redesigned plan.

An overview of the benefit plans available are given in this Appendix as an indication of the coverage provided. Booklets on all plans provided by the Company for its employees give full details of their purpose, coverage and the limits applicable. These booklets should be referred to for clarification of eligibility, coverage and limits.

The definition of eligible dependents for the Kraft Canada Benefit Plans are:

Eligible dependents include your spouse and your dependent children.

Spouse is defined as your legal or common-law spouse. By "common-law spouse" we mean any person of the opposite sex who lives with you and is publicly presented as your spouse. To qualify, your common-law spouse must have been living with you for at least three years.

Dependent children are defined as your unmarried children who are:

- less than 19 years old and not in full-time employment;
- less than 25 years old if full-time students in an accredited institution for learning and chiefly dependent on you for support and maintenance.
- incapable of self-sustaining employment by reason of mental retardation or physical handicap, who are chiefly dependent upon you for maintenance and support, are residing in Canada and who became so incapable before attaining age 19.

The term "child" includes any legally adopted child and any stepchild who is supported solely by you and permanently resides in your household, or for whom you are legally responsible for support and care.

BENEFIT PLANS

Along with provincial hospital and medical plans, the KCI Health Care Plan provides you with financial security against the high cost of health care.

This brochure is intended as a plan summary. In the event of any discrepancy between the official document and this summary, the official document will prevail.

If you require further information concerning any aspect of your Health Care Plan, please contact your local Human Resources Department.

1) **Provincial Health Insurance Plan - (OHIP)**

This plan provides coverage in two areas:

- 1) Hospital Expenses
 - Standard ward-level accommodation in a hospital
 - All normal hospital services while confined, plus
 - Certain required out-patient services.

- 2) Physicians' Services
 - Doctors' visits at home, in the office, or in the hospital
 - Surgical procedures,
 - Diagnostic tests, and
 - Specialists' fees.

The Physician is paid a fee for his services which is based on a Province-wide schedule of fees.

The Company will pay the full premium cost of this Plan for employees (excluding probationary employees) providing such Company payment is not prohibited by Law.

2) **Extended Health Plan**

Eligibility

The Kraft Canada Inc. Health Care Plan is offered to regular full-time permanent unionized hourly Niagara Falls employees. You and your eligible dependents are covered under this plan immediately following the probationary period with Kraft Canada Inc.

As a regular full-time employee, you are also covered for expenses incurred while on lay-off, for a maximum period of six consecutive months.

Cost of the Plan

Kraft Canada Inc. pays the full cost of the coverage provided by the plan for you and your eligible dependents.

Deductible

A deductible of \$25 per person, maximum \$50 per family, is applied every year to all eligible medical and dental expenses combined.

The deductible is the amount of eligible expenses which you must pay in full each calendar year before you can receive a reimbursement of covered expenses. If the eligible expenses you incurred during the first nine months of the year are less than the deductible amount, additional expenses up to the deductible amount incurred in the last three months of the year may be carried over as a credit towards satisfying the deductible amount of the following year.

Eligible Expenses

The Kraft Canada Inc. Health Care plan reimburses a percentage of the eligible expenses, provided these expenses are reasonable and customary, and that they are medically necessary and prescribed by a physician. Reimbursement is subject to a lifetime maximum of \$250,000 per insured person.

In addition, up to \$1,000 of this maximum will be reinstated each January 1. The actual amount will be based on the amount of benefits you had received from the plan in the previous calendar year.

Hospital Expenses

For licensed hospital and convalescent care facilities, the plan covers:

Hospital:-	100% of the difference in cost between ward and semi-private or private room up to \$55 per day and 80% of the excess over \$55.
Convalescent Care -	100% of the cost of semi-private accommodation up to \$55 per day and 80% of the excess over \$55.

Hospitalization outside Canada is reimbursed at 100% for emergency treatment of an illness or accident occurring while traveling outside the country.

If you are hospitalized outside Canada for a medically necessary treatment not available in Canada and for which there is no alternate treatment available in Canada, medical expenses that exceed the allowance paid by any provincial government plan are reimbursed based on reasonable and customary charges.

No deductible applies to hospital expense.

Medical Expenses

The plan reimburses 100% of the following eligible medical expenses:

Drugs and medicines which require a prescription by law to be obtained.

Reasonable and customary charges for emergency treatment of an illness or accident occurring while traveling outside Canada.

Emergency travel assistance expenses (see leaflet entitled "Emergency Travel Assistance" for full details.)

The plan also reimburses 80% of the following:

Private-duty nursing. Services must be recommended by a physician and rendered by a registered nurse who is not a relative and does not ordinarily reside in your home. There is a maximum reimbursement of \$10,000 every 36 months.

Charges for room and board in a licensed chronic care facility up to a maximum reimbursement of \$10 per day for a period of 120 days per calendar year.

Charges for the use of a licensed ambulance for local transportation to and from the nearest hospital. Emergency transportation by airline to and from the nearest hospital within your province of residence which is equipped to provide the required medical services is also eligible, subject to a maximum equal to an economy airfare.

Paramedical services by a licensed physiotherapist, psychologist, osteopath, podiatrist, chiropractor, naturopath or speech therapist, up to a maximum reimbursement of \$300 per practitioner each calendar year. In addition, covered expenses include the cost of one X-ray per practitioner each calendar year. To be considered eligible expenses, the services provided must be within the scope of the license held by the practitioner.

Laboratory tests and X-rays for diagnosis not covered by any government plan.

Prescription contact lenses or eyeglasses up to a maximum reimbursement of \$150 per person every 24 months. This reimbursement applies for either contact lenses or eyeglasses but not both.

Dental services required to repair natural teeth damaged as a result of an accident, up to \$5,000, provided the repairs commence within three months of the accident.

Hearing aids up to a maximum reimbursement of \$300 per person every 36 months.

Charges for:

Rental or purchase of braces and crutches, and purchase of prostheses required for therapeutic use.

Rental or purchase of a wheelchair, hospital bed, or oxygen equipment required for therapeutic purposes.

Orthopedic shoes and orthotics prescribed by a licensed physician and required to correct a diagnosed physical impairment. Once the first expense has been paid for by the plan, the cost of replacement will only be covered if it is required as a result of pathological change.

Blood sugar monitoring devices for insulin dependent diabetics, when prescribed by a physician, up to a lifetime maximum reimbursement of \$200.

Coordination of Benefits

Limitation of Benefit Amount

This provision is applicable to all benefits payable under this plan. Where the total benefits under this plan and other group plans would exceed costs incurred for covered expenses, reimbursement from all plans shall be limited to incurred expenses according to the following order of benefit determination:

- Benefits shall be payable first from another group which does not have a provision to coordinate benefits, then subsequently in accordance with the rules of this and other group plans which do have coordination of benefits.
- Coordination of benefits with other plans excluding Kraft Canada Inc. benefit plans:
 - a person covered as an employee under another group plan must claim first under their group plan, and then as a dependent of an eligible employee under the Kraft Canada Inc. plan.
 - eligible dependent children must be claimed first under the plan of the employee whose birthday occurs earlier in the calendar year, and then by the employee covered by a plan.

If priority cannot be established under the above two points, the benefits shall be paid under both plans in a ratio proportionate to the amounts that would have been paid under each plan had there been coverage under just that plan.

Dual Coverage Excluded

Eligible children shall be eligible as dependents of only one employee even though both parents may be eligible employees. A spouse cannot be eligible for coverage as a dependent if also eligible as an employee; conversely, a spouse cannot be eligible for coverage as an employee if also eligible as a dependent.

Exclusions

The Kraft Canada Inc. Health Care Plan does not cover:

- Services and supplies not included in the list of eligible expenses.
- Charges which are not specifically for treatment covered under this plan.
- Charges for general health examinations.
- Charges for eye examinations. In provinces where Medicare does not cover this expense, examination charges will be included in the maximum reimbursement of \$150 every 24 months used for prescription glasses or contact lenses.
- Services paid for in part or in totality under any federal or provincial government legislation.
- Cosmetic surgery or treatment, including hospital confinement for such surgery or treatment.
- Charges related to any disability for which benefits are provided under any workers' compensation legislation.
- Dental work where a third party is responsible for payment of such charges.
- Charges related to injury resulting directly or indirectly from war, declared or not, insurrection or riot, or hostilities of any kind.
- Charges for services or supplies which are furnished without the recommendation and approval of a physician acting within the scope of his or her license.
- Charges related to intentionally self-inflicted wounds.
- Drugs, sera, injectable drugs or supplies that are not approved by Health and Welfare, Canada, and that are experimental or limited in use.
- Charges which are not medically necessary for the care and treatment of any existing or suspected injury, disease or pregnancy.
- Charges made by a physician for travel, broken appointments, communication costs, completion of claim forms or physician's supplies.
- Charges which would not normally have been incurred but for the presence of this coverage or for which the employee or dependent is not legally required to pay.
- Charges for administrative fees, however defined, are not covered.

In the Event of Disability

If you are absent from work due to injury or illness, coverage under the Kraft Canada Inc. Health Care Plan is maintained for you and your eligible dependents, at no cost to you, for as long as you are receiving Kraft Canada Inc. disability benefits.

In the Event of Death

In the event of your death while an active Kraft Canada Inc. employee, coverage under the Health Care Plan continues for your eligible dependents for three months from your date of death.

Termination of Employment

Coverage ceases for you and your eligible dependents at the end of the month in which you terminate your employment with Kraft Canada Inc. Out-of-Canada coverage ceases on the date of termination of employment. When you retire, you become eligible for the Kraft Canada Inc. Retiree Benefits.

CLAIMS PROCEDURE

Hospital Expenses in Excess of Provincial Hospital Coverage

When you or an insured dependent are admitted to a hospital, you should request that all invoices for expenses in excess of the provincial limits be sent directly to the insurer. *The hospital invoice must be attached to a completed Maritime Life Claim Form in order to be processed.* Payment will be made to the hospital and a statement will be sent to you.

When a hospital refuses to follow this procedure, you must pay the required feed and submit your invoice to the insurance company for reimbursement of eligible expenses.

Eligible Medical Expenses

When you pay eligible medical expenses, be sure to obtain receipts which specify the following:

- name of the patient
- name of the hospital, laboratory, physician or pharmacist
- date service was rendered or purchase was made
- description of the service or purchase
- the amount charged
- name of the drug

When your expenses exceed the deductible, obtain a claim form from your local Medical Department, complete it and return to the insurer along with original receipts or invoices.

It is recommended that you hold expenses until they exceed the deductible. However, you must provide reimbursable expenses no later than 60 days following the end of the year in which the expenses were incurred.

Payment from the insurer will be paid directly to you. At that time, the insurer will also supply you with new forms for your next claim.

Claims should be sent to the nearest office of Maritime Life listed on the claim form.

Be sure to specify the policy number, 903010, as well as your own certificate number, which is your social insurance number.

Licensed Practitioners

In order for expenses of a practitioner to be considered eligible for reimbursement, the practitioner must be licensed and the services rendered must be within the scope of that license.

Reasonable and Customary

Reasonable and customary charges are the amounts measured and determined by comparing them with charges customarily made for similar services and supplies to individuals of similar medical condition in the locality concerned.

3) DENTAL PLAN

Eligibility

The Dental Care Plan is offered to regular full-time permanent unionized hourly Niagara Falls employees. You and your eligible dependents are covered under this plan immediately following the probationary period with Kraft Canada Inc.

As a regular full-time employee, you are also covered for expenses incurred while on a lay-off for a maximum period of six consecutive months.

Cost of the Plan

Kraft Canada Inc. pays the full cost of the coverage provided by the plan for you and your eligible dependents.

Deductible

A deductible of \$25 per person, maximum \$50 per family, is applied every year to all eligible dental and medical expenses combined.

The deductible is the amount of eligible expenses which you must pay in full each calendar year before you can receive a reimbursement of covered expenses. If the eligible expenses you incurred during the first nine months of the year are less than the deductible amount, additional expenses up to the deductible amount incurred in the last three months of the year may be carried over as a credit towards satisfying the deductible amount of the following year.

Eligible Expenses

The Kraft Canada Inc. Dental Care Plan covers 80% of the eligible expenses for three categories of dental care:

- Basic Services
- Major Restorative Work
- Orthodontic Treatment

The maximum amount reimbursed for the first two categories combined is \$1,200 per person each calendar year for you and each of your eligible dependents. The lifetime maximum benefit for orthodontic treatment is \$2,000 per person.

Maximum eligible expenses are established in accordance with the current fee guide of the dental association of your province of residence. When several treatment possibilities exist, reimbursement of eligible expenses may be determined based on an alternate benefit.

Basic Services

Diagnostics

Consultations

Single diagnostic X-rays

Complete series of X-rays; once every 24 months

Oral examinations: once every six months

Study casts: once per year

Preventive

Scaling and polishing (prophylaxis) once every six months

Topical fluoride

Passive space maintainers (that do not move the teeth)
for dependent children only.

Oral hygiene instruction once every six months

Minor Restorative Work

Fillings (silver amalgam, silicate or synthetic restorations)

Stainless steel crowns

Oral Surgery

Removal of teeth, including impacted teeth and residual roots

Anaesthesia

Post-operative care

Endodontics

Emergency endodontic procedures and root canal therapy

Periodontics

Treatment of diseases of the gum and other supporting tissue of the teeth

Repair or relining and rebasing of dentures, including addition of new teeth

Major Restorative Work

Gold inlays, onlays and crowns

Note: When a tooth can be restored with silver amalgam, silicate or synthetic restorations, benefits will be determined based on the usual costs of such a restoration.

Replacement of dentures and other dental appliances

Note: After the initial purchase of a dental appliance, replacement expenses are eligible if the existing dental appliance is at least five years old and no longer serviceable.

Orthodontic Treatment

Correction of malocclusion of the teeth
Full-mouth reconstruction

Coordination of Benefits

Limitation of Benefit Amount

This provision is applicable to all benefits payable under this plan. Where the total benefits under this plan and other group plans would exceed costs incurred for covered expenses, reimbursement from all plans shall be limited to incurred expenses according to the following order of benefit determination:

Benefits shall be payable first from another group which does not have a provision to coordinate benefits, then subsequently in accordance with the rules of this and other group plans which do have coordination of benefits.

Coordination of benefits with other plans excluding Kraft Canada Inc. benefit plans:

- a person covered as an employee under another group plan must claim first under their group plan, and then as a dependent of an eligible employee under the Kraft Canada Inc. plan.
- eligible dependent children must be claimed first under the plan of the employee whose birthday occurs earlier in the calendar year, and then by the employee covered by a plan.

If priority cannot be established under the above two points, the benefits shall be paid under both plans in a ratio proportionate to the amounts that would have been paid under each plan had there been coverage under just that plan.

Dual Coverage Excluded

Eligible children shall be eligible as dependents of only one employee even though both parents may be eligible employees. A spouse cannot be eligible for coverage as a dependent if also eligible as an employee; conversely, a spouse cannot be eligible for coverage as an employee if also eligible as a dependent.

Exclusions

The Kraft Canada Inc. Dental Plan does not cover:

Services or supplies that are primarily for cosmetic dentistry, e.g., bonding, bleaching and facings.

Charges which are not specifically for treatment covered under this plan.

Services paid for in part or in totality under any federal or provincial government legislation.

Services or supplies not furnished by a legally qualified dentist or denturist.

Services or supplies necessitated directly or indirectly as the result of committing, attempting to commit or provoking an assault or criminal offence, or by a war or act of war, declared or not, insurrection or riot, or hostilities of any kind.

Miscellaneous charges such as counseling, travel, broken appointments, communications costs or completion of claim forms.

Services or supplies resulting from any intentionally self-inflicted wound.

Any hospital charges for board and room and related services and supplies.

Any dental examinations required by a third party.

Services or supplies not medically necessary.

Services or supplies for implantology, including tooth implantation or transplantation and surgical insertion of fabricated implants.

Charges for administrative fees, however defined, are not covered.

In the Event of Disability

If you are absent from work due to injury or illness, coverage under the Kraft Canada Inc. Dental Care Plan is maintained for you and your eligible dependents, at no cost to you, for as long as you are receiving Kraft Canada Inc. disability benefits.

In the Event of Death

In the event of your death while an active Kraft Canada Inc. employee, coverage under the Dental Care Plan continues for your dependents for three months from your date of death.

Termination of Employment

Coverage ceases for you and your eligible dependents at the end of the month in which you terminate your employment with Kraft Canada Inc. When you retire, benefits cease at the end of the month immediately prior to retirement date.

Claims Procedure

When you are planning to visit your dentist, obtain a claim form from your local Human Resources Department. The form should be completed by you and your dentist. You should then send your claim form directly to the insurer.

It is recommended that you hold expenses until they exceed the deductible. However, you must provide reimbursable expenses no later than 60 days following the end of the year in which the expenses were incurred.

Payment from the insurer will be paid directly to you. At that time, the insurer will also supply you with new forms for your next claim.

Claims should be sent to the nearest office of Maritime Life listed on the claim form.

Be sure to specify the policy number, 903010, as well as your own certificate number, which is your social insurance number.

Pre-Treatment Plan

When a series of treatments is likely to cost more than \$300, the insurer suggests that you submit a treatment plan before treatment begins in order to determine the amounts payable under the plan.

A treatment plan is a written description by your dentist of the required treatment and the cost of this treatment. Typically, the dentist will complete a standard claim form indicating the services that will be performed and will provide X-rays.

Licensed Practitioners

In order for expenses of a practitioner to be considered eligible for reimbursement, the practitioner must be licensed and the services rendered must be within the scope of that license.

Reasonable and Customary

Reasonable and customary charges are the amounts measured and determined by comparing them with charges customarily made for similar services and supplies to individuals of similar medical condition in the locality concerned.

4) LIFE INSURANCE PLAN

Eligibility

The Life and Accident Insurance plans are offered to all regular full-time permanent unionized hourly employees. You are eligible for coverage under these plans following completion of the probationary period.

You must apply for the optional insurance plans for you and your eligible dependents within three months from your probationary period with Kraft Canada Inc. Optional AD&D becomes effective upon enrollment.

In order to select AD&D coverage for your dependents, you must also select AD&D coverage for yourself. Coverage may be changed any January 1. However, approval by the insurance company is required to increase your Optional Life coverage.

Summary of Coverage

		<u>Amount of Insurance</u>		
		<u>Yourself</u>	<u>Your Spouse</u>	<u>Your Children</u>
Basic Life Insurance	1 x annual base salary			
Optional Life Insurance		Units of \$10,000* to a maximum of \$500,000	Units of \$10,000 to 50% of your coverage	\$5,000 for each child
Optional AD&D Insurance		Units of \$10,000 to a maximum of \$500,000	Units of \$10,000 to 50% of your coverage	\$5,000 for each child

*Up to 8 times your annual salary

Basic Life Insurance

Amount of Coverage

Under the Basic Life Insurance Plan, you are insured by an amount equal to one times your annual base salary. This amount is paid to your beneficiary if you die from any cause.

Cost of the Plan

Kraft Canada Inc. pays the full cost of the coverage provided by the Basic Life Insurance Plan.

Retirement Insurance

If you retire from Kraft Canada Inc. while on active status, Kraft Canada Inc. will assume the full cost of providing you with Life Insurance coverage in the amount of \$2,000, provided that you are age 55 or more and have at least 10 years of service with the Company at the time of retirement.

Optional Life Insurance

Amount of Coverage

The Optional Life Insurance Plan provides you with the opportunity to purchase additional amounts of life insurance, if you need it. This extra-coverage is available in units of \$10,000 for up to 8 times your base salary and is payable to your beneficiary upon your death.

You may also purchase coverage for your spouse and children. Coverage for your spouse may be obtained in units of \$10,000 up to 50% of your own coverage, with evidence of good health. Coverage for children is \$5,000 per child.

In the event of the death of one of your insured dependents, the amount of coverage will be paid to you.

Cost of the Plan

Optional Life Insurance is paid for entirely by you. The cost of coverage for you and your spouse is based on the amount of insurance you select and on your respective ages.

5) OPTIONAL ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE PLAN

The Optional AD&D plan offers a full 24-hour, 365-day-a-year coverage against accidents occurring anywhere in the world, whether you are on or off the job.

Amount of Coverage

Under this plan, you may purchase accidental death and dismemberment coverage up to \$500,000 in units of \$10,000 for yourself. You may also request coverage for your spouse of up to 50% of your own coverage, in units of \$10,000. Each child may be insured for \$5,000.

The full amount of insurance is payable if death is the result of an accident. In the event of accidental dismemberments and other physical losses, a percentage of the amount of insurance may be payable, for example:

<u>Accidental Loss</u>	<u>Percentage of Coverage</u>
(Partial list of indemnities)	
Loss of life, both hands, both feet, the entire sight in both eyes, or any combination thereof	100%
Loss of one arm or leg	75%
Loss of use of one arm or one leg	75%
Loss of one hand, one foot or sight in one eye	66-2/3%

In the event of your accidental death while insured, the amount of insurance will be paid to the beneficiary. All other indemnities are payable to you.

Cost of the Plan

The cost of the Optional AD&D Insurance Plan is entirely paid for by you, based on the amount of insurance you select.

Exclusions

The AD&D plan does not cover losses resulting from the following:

- suicide or self-destruction, or any attempt by the insured person while sane or insane,
- flying in any aircraft or other airborne vehicle as a pilot, operator or member of the crew,
- declared or undeclared war or any act thereof,
- active full-time service in the armed forces of any country.

Additional Information

Beneficiary

When you enroll in the Life and AD&D Insurance Plans, you designate the beneficiary or beneficiaries of your choice on the application form. You may change this designation at any time, unless it is specified that your designation is irrevocable or such a change is prohibited by law. However, no change of beneficiary is binding until all necessary documents are received by the Human Resources Dept.

If you die, the last beneficiary you designated in writing will receive the benefits according to the coverage in effect. You may also designate your estate as beneficiary.

In the event of the death of one of your insured dependents, the insurance proceeds will be paid to you.

Coverage During a Leave of Absence

You may maintain your coverage under the Life and Accident Insurance plans for up to one year, while on approved leave of absence, by continuing your contributions. Otherwise, your coverage will cease at the end of the month in which your contributions stop. Upon your return, the insurance company would then require satisfactory evidence of insurability for you and your dependents before your coverage can be reinstated.

Conversion Option

If your employment terminates, you may convert your basic and optional life insurances to an individual policy without having to provide evidence of good health.

To exercise your conversion privilege, you must contact the insurance company and request the conversion of your insurance within 31 days of your termination of employment. Forms for this purpose are available from the Human Resources Dept.

In the Event of Disability

If you are eligible for disability benefits under the Kraft Canada Inc. Short-Term or Long-Term Disability Plans, you and your insured dependents remain covered under both the Basic and Optional Life Insurance Plans for as long as you remain disabled and receiving benefits, but not later than age 65.

While you are receiving Short-Term Disability Benefits, you continue to pay any required premiums. When you receive Long-Term Disability Benefits, your premiums may be waived.

Optional AD&D coverage continues while you are receiving Short-Term Disability Benefits provided premiums are paid, but ceases after you receive Long-Term Disability Benefits for 2 years.

Termination of Employment

All insurance coverage will cease at the end of the month in which you leave Kraft Canada Inc. However, should you die during the 31 days, the full amount of your Life Insurance is payable.

In the Event of Death

In the event of your death while in the employment of Kraft Canada Inc. the optional insurances you may have elected for your spouse and your children cease.

6)NON-OCCUPATIONAL ACCIDENT AND SHORT-TERM DISABILITY PLAN

The purpose of your KCI disability coverage is to ensure a continuous income, should you be unable to work because of a non-occupational illness or injury.

This coverage includes:

- A **Short-Term Disability Plan**, which covers disabilities of up to 26 weeks, and
- A **Long-Term Disability Plan**, which covers disabilities that extend beyond this 26-week period.

This brochure is intended as a plan summary. In the event of any discrepancy between the official document and this summary, the official document will prevail.

If you require further information concerning any aspect of your Disability Benefits, please contact your local Human Resources Department.

Short-Term Disability Plan

Eligibility

As a regular full-time permanent unionized hourly Niagara Falls employee, you are eligible for coverage under the Short-term Disability Plan upon completion of your probationary period, providing you show disability due to a non-occupational accident or sickness which, in the Company's judgement, prevents you from performing normal work assignments.

You must be actively at work to be eligible for benefits. If you become disabled while on a leave of absence or vacation or on lay-off, or while on strike, suspension from work or otherwise not actively employed, your eligibility will begin on the first day on which you would have returned to work had you not been disabled, and absence on this day will be deemed your first day of absence for benefits purposes.

Cost of the Plan

Kraft Canada Inc. pays the cost of all benefits provided under the Short-term Disability Plan.

Benefits

The disability benefits under the Short-term Disability plan are payable for a maximum of 26 weeks, as follows:

Basic Benefits

You are credited with 10 days of Basic Benefits upon attainment of seniority and with 10 additional days on your employment anniversary in each subsequent year of continuous employment, up to a maximum of 130 days.

When you are disabled, you will receive 75% of your basic rate of pay, from the third scheduled work day of disability and for the number of days of Basic Benefits you have to your credit, as long as the disability continues.

The two-day waiting period is waived if the disability results from an accident or if you are hospitalized.

In addition, if you remain disabled for 14 calendar days beginning with the first day of disability, the waiting period will also be waived and Basic Benefits will be paid retroactively to the first day of disability, provided you still have Basic Benefits available.

When you return to work after an absence, the Basic Benefits period is fully reinstated once you have been back at work for at least four weeks.

Supplemental Benefits

If you remain disabled after all Basic benefits to which you are eligible have been paid, Supplemental Benefits amounting to 60% of your basic rate of pay will be payable for the rest of the 26-week period. Supplemental Benefits are payable for a maximum of 26 weeks in any calendar year.

No Supplemental or Basic Benefits are payable until you have submitted an Attending Physician's Statement attesting to the nature and severity of the disability, and certifying that the disability precludes you from performing your regular work assignments.

Taxation Status of Benefits

Basic and Supplemental Disability Benefits payable under this plan are considered taxable income.

Part-Time Employment During Disability

If your disability prevents you from working full days, you will be provided with part-time employment for the duration of disability, if available. If you are eligible for Basic Benefits, you will receive full pay for your hours worked, and, after the two-day waiting period, Basic Benefits for the hours not worked within the working day.

If you are not eligible for Basic Benefits, you will receive full pay for your hours worked and Supplemental Benefits for the hours not worked.

Each partial working day will be considered a full day for purposes of determining the maximum benefits period.

Discontinuance of Benefits

Short-term Disability Benefits cease upon your recovery, retirement, death or at the end of the 26-week period, whichever occurs first.

If, while receiving benefits, you are discharged or would not have worked due to strike or suspension of employment, you cease to be eligible for benefits after the day on which such event occurs.

However, where layoff provisions exist and you are disabled when a layoff begins, your benefits will continue for a maximum of 15 weeks from the date the disability began.

Recurrence of Disability

If you become disabled for the same or a related reason within thirteen weeks following your return to full-time permanent work after a short-term disability, the second disability period will be considered a continuation of the first. Benefits would then resume as if you had not returned to work.

If the new disability is not related to the first, and provided that you have returned to full-time permanent work for at least four weeks, you will begin a new benefit period, and the Basic Benefit period will be reinstated.

7) LONG-TERM DISABILITY

Eligibility

You are covered under the Long-Term Disability Plan upon completion of your probationary period. You become eligible for long-term disability benefits if your disability continues for more than 26 weeks, provided that you are totally disabled and under the care of a legally qualified physician at all times.

For the purposes of the Long-term Disability Plan, total disability means that, for the first two years of benefit payments, you are unable to perform the duties of your current job, and that, after two years, you remain unable to perform the duties of a job related to your skills and experience.

Medical reports will be required periodically.

Cost of the Plan

The Long-Term Disability Plan is fully paid for by Kraft Canada Inc.

Benefits

The plan provides you with a monthly income equal to 67% of the monthly base salary you were receiving when you became disabled, up to a maximum benefit of \$15,000 per month. Benefits payable under the plan are considered taxable income.

Long-term Disability Benefits may be paid to the earliest of recovery, death or age 65.

Recurrence of Disability

If you become disabled for the same reason within six months of your return to full-time permanent work after a long-term disability, the second disability period will be considered a continuation of the first. You will then immediately begin receiving your long-term disability benefits.

If the period exceeds six months or if the new disability is not related to the first, a new claim must be filed under the Short-Term Disability Plan.

Rehabilitative Employment

As an incentive to promote an early return to gainful employment after a total disability, you may perform certain work without forfeiting the benefits payable under the Long-term Disability Plan.

If you engage in an approved rehabilitative employment program, you will be entitled to receive your Long-term Disability Benefits over and above the employment income payable from the program.

The rehabilitation benefits may be paid for a maximum period of 24 months during which your income from all sources must not exceed your gross earnings at the time you became disabled.

Should disability prevent you from continuing with the program, your regular disability benefits will continue to be paid.

Co-ordination with Other Sources of Income

Long-term Disability Benefits are reduced by disability benefits payable from Workers' Compensation, the Canada Pension Plan (excluding any payments for your dependent children) and by any other income from employment or other government plans.

Continuation of Other Employee Benefits During Disability

If you are receiving disability benefits under the Kraft Canada Inc. Short-Term or Long-Term Disability Plans, you remain covered under the Health Care, Dental Care and Basic Life Insurance Plans for as long as you remain disabled, but not later than age 65. Optional Life may be continued if premiums are paid.

Optional AD&D coverage continues while you are receiving short-term disability benefits and long-term disability benefits for the first two years of benefit payments, provided premiums are paid. Coverage ceases after long-term disability benefits have been in effect for two years.

While you are receiving short-term disability benefits, you continue to pay any required premiums. When you receive long-term disability benefits, your premiums may be waived.

Your membership in the Retirement Plan may be maintained while you are receiving long-term disability benefits. You will receive credited service by making the required contributions to the Plan. If you do not make the necessary contributions to the Plan, no further service will accrue while on disability.

Exclusions

No short-term or long-term disability benefits are payable for:

A disability arising from or in the course of employment by another employer, here you had an employee/employer relationship with the other employer and received remuneration for your services.

A disability for which you may be entitled to indemnity in accordance with the provisions of a Workers' Compensation Plan, the Canada Pension Plan, a provincial auto insurance plan or a group benefit plan.

A disability caused by or resulting from a self-inflicted injury or illness.

A disability caused by or resulting from use of alcoholic beverages, stimulants, drugs or narcotics, unless you are participating in a Kraft Canada Inc.-sponsored rehabilitation program.

A disability resulting from acts of immorality or fighting.

A disability occurring while violating a Company rule.

A disability resulting from a pregnancy-related illness during:

- a) a pregnancy leave of absence
- b) prior to the expected week of confinement and ending with the sixth week after the week of confinement.

Claims Procedure

When you become ill or injured and unable to report to work, the following procedure should be followed:

- On the first and each subsequent day, advise your supervisor of your absence and expected date of return to work.
- Submit an Attending Physician's Statement to establish eligibility for benefits.

The Company, at its expense and discretion, may require an examination by a physician or nurse of its choice. Failure or refusal to submit to such examination will render you ineligible for benefits.

Termination of Coverage

Coverage under this plan terminates on the earlier of termination of employment, death or retirement.

8) RETIREMENT PLAN

Eligibility and Enrollment

As a full-time permanent unionized hourly Niagara Falls employee, you become eligible to join the plan on the first of the month after completing one year of service with Kraft Canada Inc.

If you are a temporary employee, you become eligible when you have completed two years of service, provided that you have earned 35% of the Year's Maximum Pensionable Earnings* or worked 700 hours for Kraft Canada Inc. during each of those years. Contributions and benefits will be prorated on the basis of hours worked.

You may join at any time after becoming eligible by signing the enrollment form authorizing Kraft Canada Inc. to deduct the required contributions from your earnings and designating a beneficiary. Enrollment forms are available through the Human Resources Department.

*-The Years' s Maximum Pensionable Earnings, or YMPE, is the maximum amount of earnings on which you contribute to the Canada Pension Plan. It is revised each year.

Contributions

Employee Contributions: When you join the plan, you contribute \$88 per month, through payroll deductions.

Effective January 7, 1998, you contribute \$93 per month (\$2.00 per month reduction from the formula to provide seed monies for investment in the RSP/ESP) through payroll deductions.

Effective January 7, 1999, you contribute \$96 per month (\$4.00 per month reduction from the formula to provide seed monies for investment in the RSP/ESP) through payroll deductions.

Effective September 1, 1999, you contribute \$98 per month (\$2.00 per month reduction from the formula to provide seed monies for investment in the RSP/ESP) through payroll deductions.

Ontario pension laws mandate that your contributions made after January 1, 1987, cannot represent more than 50% of the value of the pension accumulated after that date. Any excess will be reimbursed to you upon retirement or termination, or to your spouse or beneficiary, should you die before retirement.

Company Contributions: Kraft Canada Inc. contributes the amounts required, in addition to your own contributions, to finance the retirement, termination, death and other benefits to which you are entitled.

Benefits at Retirement

Your normal retirement date is the first day of the month following your 65th birthday. However, you may retire as early as the first day of any month following your 55th birthday.

Starting from your normal or early retirement date, you will receive a pension payable monthly throughout your lifetime.

Normal Retirement

If you retire at age 65, you will receive an annual pension calculated as follows:

Service prior to January 1, 1994:

Pension earned under the previous Nabisco plan

Service after January 1, 1994:

\$41 per month for each year of credited service you have accumulated.

Effective January 7, 1998, \$43 per month for each year of credited service you have accumulated.

Effective January 7, 1999, \$45 per month for each year of credited service you have accumulated.

Your Credited Service is your number of years and complete months of continuous service to the date of retirement, less any periods for which you made no contributions while eligible to contribute in the plan. In addition, no credits will be given for periods of military service, unless contributions are made upon return to active service.

Early Retirement

If you retire before age 65, your pension will be calculated as above. A reduction of 3% for each year that your retirement precedes age 60 will apply to the pension earned after January 1, 1994. For service prior to January 1, 1994, the benefit that you earned will be reduced by 5% for each year that your retirement precedes age 62.

In addition, the plan provides a supplement to all participants who elect early retirement from active service between the ages of 55 and 65. The amount is equal to \$144 per year multiplied by your Credited Service, after January 1, 1994 to a maximum of 30 years plus \$75 per year multiplied by your credited service prior to January 1, 1994.

This bridging supplement starts on your early retirement date and stops on the first day of the month following your 65th birthday or at your death, whichever comes first.

Forms of Pension Payment

Normal Form of Payment:

Your pension payments start when you retire and are paid for life.

If you have a spouse at the time you retire, pension legislation requires that 60% of your pension be continued to your spouse upon your death, unless you and your spouse choose to renounce this benefit prior to your retirement.

Your own pension earned after January 1, 1994 will be reduced by 10% to provide this additional protection. However, should your spouse pre-decease you, the reduction will no longer apply. The pension earned prior to January 1, 1994 will be actuarially reduced to provide the spousal benefit.

To renounce this benefit, you must submit a Spousal Pension Waiver form, which requires the witnessed signature of your spouse.

Optional Forms of Payment

Other forms of pension are available. For example, you may elect a pension with a guaranteed payment period, or you may elect to have part of your pension continued to a joint annuitant after your death. If you retire before age 65, you may also elect a level income option, which provides for a stable flow of income throughout retirement. Each specific option will result in a particular adjustment to your normal pension.

All options available will be fully explained to you prior to retirement. To help you choose the form of your pension, you may request a statement showing the amount of pension available under each option.

Disability Benefits

If you become disabled before your normal retirement date and are eligible to receive disability benefits under the Kraft Canada Inc. Long-Term Disability Plan, you may continue to accumulate Credited Service during your disability by making contributions to the Plan. If you do not make the necessary contributions to the Plan, no further service will accrue while on disability.

Death Benefits

Death Before Retirement

If you die before retirement, your spouse or your designated beneficiary will receive:
the value of your pension accumulated from January 1, 1987;
plus
the excess, if any, of your contributions made from January 1, 1994, over 50% of the combined value of the pension as indicated above.

If you die after attaining age 55 and completing 15 years of continuous service, your spouse will receive an immediate retirement income in respect to your credited service prior to January 1, 1994.

Death After Retirement

If you die after your pension payments have begun, and you waived the spousal benefit, your beneficiary will receive the excess of your contributions with interest over the amount you have received in pension, if any.

Termination of Employment

If you leave Kraft Canada Inc. before having completed two years of plan membership, you receive a refund of the contributions you made to the plan, with interest.

However, if you have completed at least two years of plan membership, you are entitled to receive:

A deferred pension from age 65 equal to the pension benefits you have earned from January 1, 1987 up to your termination date.

However, if you leave your employment with Kraft Canada Inc. after having completed 10 years or more of service and you are at least age 45, you may not elect to receive a refund of your contributions. You will receive a pension from age 65 based on your Credited Service and the plan provisions in effect on your termination date.

You may choose to receive a deferred pension starting at any time between ages 55 and 65. If you elect to receive your pension before age 60, your pension will be reduced to account for the greater number of years over which it is expected to be paid.

Portability

If you are under age 55 when your employment with Kraft Canada Inc. terminates, the plan allows you to transfer the commuted value of your pension to other retirement investment vehicles, such as:

Another employer's pension plan, if that plan permits the transfer, or
A locked-in retirement vehicle, or
An insurance company for the purchase of a life annuity.

A locked-in retirement vehicle is simply another plan or contract in which funds are used to purchase a pension at retirement.

9) **SAVINGS PROGRAM**

Effective June 1, 1997

Eligibility:

Group Retirement Savings Plan (Group RSP) and Employee Savings Plan (ESP) are part of the Savings Program. To be eligible for the Group Retirement Savings Plan, you must be a participant of the Retirement Plan. The Employee Savings Plan is open to all employees following their probation period.

Functioning:

You may contribute up to a maximum of five (5%) percent of your wages, including overtime. Kraft Canada Inc. will make contributions equal to twenty-five (25%) percent of your contributions. In other words, for each dollar that you will contribute to the program, Kraft Canada Inc. will contribute twenty-five (\$0.25) cents. Detailed information on the Program is contained in the SAVINGS PROGRAM brochure, available at the Human Resources Department.

LETTER OF UNDERSTANDING
between
Kraft Canada Inc.
Niagara Falls, Ontario
and
Service Employees International Union
Firemen and Oilers Council,
Local Union #101

Re: Joint Pension Committee for Hourly Employees

Committee Make-Up

The Pension Committee for the Niagara Falls hourly employees is a joint committee made up of three (3) Union and three (3) Management representatives. The committee will meet on a quarterly and/or as required basis. Meetings will be co-chaired by a Union and Management representative with a prepared agenda for each meeting.

Mandate

The mandate for the Committee is as follows:

- to jointly become educated in the understanding of the Pension Plan as it pertains to the site hourly employees. This will enable the members of the Committee to provide basic information to hourly employees and consistently respond to questions and concerns expressed by hourly employees.
- participate jointly in information/education sessions and pre-retirement seminars for hourly employees.
- as a committee, to surface issues and concerns to gain joint understanding on results.
- The Company will provide a report including, but not limited to, pension amendments, surplus status and itemized administration costs as soon as possible, but not later than September 1st of each year. This will be an in-house report, as the Company does not file an Actuarial Report with the Government every year, but every three years.
- meet jointly with a representative from Towers-Perin to submit questions and get answers on any prepared questions of the report and/or plan administration.
- attend an annual meeting with Corporate Finance representatives to review:
 - how funds are structured
 - where funds are invested
 - performance of funds invested
 - where Investment Managers are planning to invest funds over the next 12 months

This meeting will take place by November 1st of each calendar year.

Signed at Niagara Falls, Ontario this 7th day of January, 1997.

For the Company

For the Union

Larry McCombs

Claude Sonier

LETTER OF INTENT

**AMENDMENT TO THE COLLECTIVE AGREEMENT
BETWEEN
KRAFT CANADA INC.
INTERNATIONAL BROTHERHOOD OF FIREMEN & OILERS
LOCAL UNION #101**

NIAGARA FALLS AREA MECHANICS UPGRADING:

- Each of the seven (7) area mechanics will be enrolled in the I.C.S. training program. The curriculum consists of 55 modules.
- An area mechanic should attain a passing grade of at least 70% on each module's test. If a test result is less than 70%, the area mechanic has one opportunity to retake the test. If the rewrite result is still less than 70%, the actual score will be considered in the overall course results, however, the area mechanic must score an overall average of at least 70% in order to pass the course and become a packaging machine mechanic with trade papers recognized in Ontario as an "Employer Defined Trade".
- Failure to pass this course will result in the individual being removed from the Maintenance Department in accordance with Article 20.06 of the Collective Agreement.
- Upon successful completion of the I.C.S. Program, an area mechanic will be classified as a packaging machine mechanic (609C) by the Ministry of Education and Training and will receive an additional forty-one (\$0.41) per hour as per Schedule "A".

For the Company

For the Union

Larry McCombs

Claude Sonier

Dated: April 16, 1996
Revised: January 7, 1997

LETTER OF UNDERSTANDING

between

Kraft Canada Inc.
Niagara Falls, Ontario
and
Service Employees International Union
Firemen and Oilers Council,
Local Union #101

Re: Early Retirement Incentive Plan

An Early Retirement Incentive Plan will be offered to those eligible employees, 55 years of age and older, during 1997. \$38,000 per eligible employee will be paid to those who take the early retirement package and retire in 1997.

Signed at Niagara Falls this 7th day January, 1997.

For the Company

For the Union

Larry McCombs

Claude Sonier

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