

Collective Bargaining Agreement

Between



TEEKAY CANADIAN TANKERS LIMITED.

**100 New Gower Street
PO Box 5038
St John's, Newfoundland
Canada
A1C 5V3**

hereinafter referred to as

THE COMPANY

AND

SEAFARERS' INTERNATIONAL UNION OF CANADA

**1333 St. Jacques Street
Montreal, Quebec
Canada, H3C 4K2**

hereinafter referred to as

THE UNION

Dated 1ST January 2006

RECEIVED
MAY 02 2006

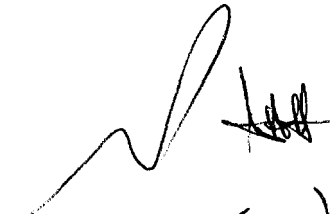

13237(03)

TABLE OF CONTENTS

ARTICLE 1 PURPOSE AND SCOPE.....	3
ARTICLE 2 MANAGEMENT RIGHTS.....	4
ARTICLE 3 DISCRIMINATION.....	4
ARTICLE 4 MEMBERSHIP AND DUES DEDUCTION.....	5
ARTICLE 5 UNION REPRESENTATION.....	6
ARTICLE 6 BOARDING OF VESSELS.....	6
ARTICLE 7 LABOUR-MANAGEMENT COMMITTEE.....	7
ARTICLE 8 DEFINITIONS.....	7
ARTICLE 9 PROBATIONARY EMPLOYEES.....	7
ARTICLE 10 LENGTH OF SERVICE AND SENIORITY.....	7
ARTICLE 11 LAYOFF AND RECALL.....	8
ARTICLE 12 TOURS OF DUTY AND HOURS OF WORK.....	9
ARTICLE 13 RATES OF PAY AND PAID LEAVE SYSTEM.....	10
ARTICLE 14 EXTRA - OVERTIME.....	10
ARTICLE 15 MEALS.....	10
ARTICLE 16 WAGE ADMINISTRATION.....	10
ARTICLE 17 TRANSPORTATION COSTS.....	11
ARTICLE 18 EMPLOYEE RESIGNATION.....	12
ARTICLE 19 LEAVES OF ABSENCE.....	12
ARTICLE 20 HEALTH AND SAFETY.....	13
ARTICLE 21 DRUG AND ALCOHOL POLICY.....	13
ARTICLE 22 FAMILY VISITATION.....	15
ARTICLE 23 DISCIPLINE.....	15
ARTICLE 24 MARINE DISASTER.....	17
ARTICLE 25 GRIEVANCE PROCEDURE.....	17
ARTICLE 26 ARBITRATION PROCEDURE.....	18



ARTICLE 27 STRIKES AND LOCKOUTS..... 18

ARTICLE 28 GENERAL PROVISIONS..... 19

ARTICLE 30 DURATION AND RENEWAL..... 19

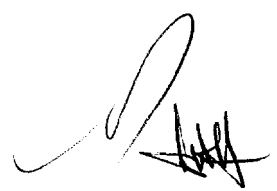
APPENDIX “A” 20
MANNING SCALE

APPENDIX “B” 21
SEAFARERS GROUP BENEFIT PLAN

APPENDIX “C” 22
FRINGE BENEFITS

- **PENSION PLAN**
- **WELFARE - HIRING SERVICES**

APPENDIX “D” 23
WAGE SCALE



Article 1 PURPOSE AND SCOPE

1. INTERPRETATION AND AMENDMENT

1.01 The purpose of this Agreement is:

- (a) to establish terms and conditions of employment and related matters for Unlicensed Employees employed on board the vessels owned and/or operated by the company;
- (b) to establish a procedure for final settlement of differences concerning the interpretation, administration and application of alleged violations of any of the provisions of this Agreement.

1.02 A party proposing an amendment shall submit a written draft of the suggested amendment to the other party to the Agreement, along with a notice in writing of the suggested time and place of a joint meeting to discuss the proposal.

A party proposing an amendment under the foregoing provision shall give the other party at least (7) clear days notice.

Before any amendment to this Agreement, which has been agreed to by all parties, becomes operative it shall be reduced to writing, it shall state the effective date of the amended provision and it shall be executed in the same manner as the Agreement.

1.02 The Company acknowledges the Union as the sole bargaining agent for all Unlicensed Employees employed on board the vessels owned and/or operated by the company;

1.04 Any notice required to be given to the Union pursuant to this Agreement shall be delivered or transmitted by fax to the Office of the Union, at 1333 St. Jacques Street, Montreal, Quebec, H3C 4K2, or at any other address which the Union may designate and which the Union shall notify the Company in writing; fax number (514) 931-3667.

1.05 Any notice required to be given to the Company pursuant to this Agreement shall be delivered in writing to delivered by to Teekay Shipping (Glasgow) Ltd, 183 St Vincent Street, Glasgow G2 5QD who will act as manning agents on behalf of Teekay Canadian Tankers Limited: fax number +44 (141)243 2100



Article 2 MANAGEMENT RIGHTS

- 2.01 The Company has and shall retain the exclusive right to manage its business and direct its working forces in the most economical manner possible. The Company has the right to hire discipline and discharge for just cause, and promote Employees in accordance with the provisions of this Agreement.
- 2.02 The right of any Employee to employment with the Company will be conditional Upon the Employee being medically fit to perform his/her duties. The company will require that all new hire employees are to undergo a pre employment medical examination including a drug and alcohol test and be in possession of a medical fitness certificate at all times. The Company reserves the right to require a medical examination of any present or future Employee to be carried out at any time as directed by the company, and to require certification from a medical practitioner that the Employee or applicant for employment is medically fit to perform the duties of the job in question. All medical examinations will be conducted by a medical practitioner approved by Transport Canada. Where the Company requires a present Employee to undergo a medical examination the Company will pay the fee charged for the examination. Reference is made to the company's drug and alcohol policy contained within article 21 of this agreement.
- 2.03 Discipline shall be governed by the principles and procedures laid out in the disciplinary code as agreed by the Company and the Union.

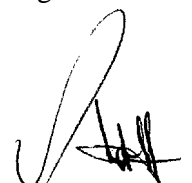
Article 3 DISCRIMINATION

- 3.01 The Company will not discriminate against an Employee because of membership in the Union or activity authorized herein on behalf of the Union or for exercising his/her rights under the Canada Labour Code or as provided by this Agreement.
- 3.02 The Union agrees not to intimidate or coerce or threaten Employees in any manner that will interfere with or hinder the effective carrying out of this Agreement and the principles contained herein, and will assist and co-operate with the Master and other Management representatives of the Company in maintaining discipline aboard ship.
- 3.03 The Company and the Union agree that they will not threaten, intimidate or unlawfully discriminate in the workplace against any Employee for reasons of race, national or ethnic origin, colour, religion, age, sex (including pregnancy and childbirth), marital status, family status, disability (as under the Canadian Human Rights Act), a conviction for which a pardon has been granted or political affiliation with a legitimate political party.



Article 4 MEMBERSHIP AND DUES DEDUCTION

- 4.01 The Company agrees to retain in its employ only members in good standing of the Union. Such members shall, as a condition of employment, maintain their membership in the Union for the duration of this Agreement. Any person not a member of the Union shall within thirty (30) days of employment make application for membership in the Union. If the union refuses to accept such employee, a satisfactory written statement of reason must be supplied by the Union to the Company.
- 4.02 "Good standing" is herein interpreted to mean that a member has not failed to pay the periodic dues, assessments and initiation fees uniformly required to be paid by all members of the Union. The Union agrees that in the case of the initial manning of the vessel, crew and relief crew (2 x 13 positions) making application for membership of the Union will be charged an administration fee of \$5 Canadian, the usual initiation fee \$500 Canadian will be waived. Thereafter any company employees making application to join the Union will be charged the full dues, assessments and initiation fees.
- 4.03 The Union shall indemnify the Company, its vessels, Employees, servants and agents and hold it or any of them harmless against any and all suits, claims, demands and liabilities that arise out of or by reason of any action taken by it, them or any of them for the purpose of complying with the provisions of this section or that arise out of or by any reason of reliance by it, them or any of them on any list or notice furnished to the Company by the Union pursuant to the provisions of this section, or by reason of compliance by the Company with provisions of Article 4.11 (Dues Deduction).
- 4.04 The primary source of recruitment will be through the company's approved agent - Great Circle Marine Services Inc, 87 Weldon Street, Unit 2, Shediac, New Brunswick, Canada E4P 2X5; Fax (506) 532 9236. The Company however recognizes the Union as a source for supply of ratings which may qualify for employment under this agreement. Applications should be submitted to Great Circle Marine who will review all applications in respect of the company's employment criteria and shall arrange for interviews when considered appropriate.
- 4.05 The actual selection and hiring of Employees shall be at the discretion of the Company. Employees who are after technical interview not accepted by the Company must be notified in writing of the reason of rejection, with a copy provided to the Union. The Company shall only be required to show that it acted reasonably in judging the employee unsuitable for employment.
- 4.06 When an Employee is dispatched on a ship upon the Company's request, and is refused by the Master for just cause, this Employee shall be paid out of pocket transportation expenses to and from the vessel and one days pay.
- 4.07 The Union agrees that membership in the Union shall not be denied, suspended or terminated for any reason other than in accordance with the Constitution, Rules and Regulations of the Union.
- 4.08 Should the Company require an Employee to present himself/herself for an employment interview at any Company office, or any other location not in the vicinity of the Employee's residence, he/she will be reimbursed for reasonable traveling expenses according to the Company's travel expense policy.



- 4.09 The Company agrees to deduct from the wages of each Employee the monthly dues and/or assessments and/or initiation fees and/or any other amounts as specified by the Union. The deductions will be made from the Employees paycheque each month and remitted to Union Headquarters by the end of each calendar month in which the deduction was made. The Union will notify the Company of the amount of regular monthly dues and of any changes in that amount. At least thirty (30) days notice of any change in the amount to be deducted by the company shall be provided in writing.

Article 5 UNION REPRESENTATION

- 5.01 The Union agrees to notify the Company in writing of the names of its officers and to inform the Company in the same manner of any changes and thereafter, the Company shall conduct all its dealings with the Union through these designated representatives.

Article 6 BOARDING OF VESSELS

- 6.01 The Company agrees to issue passes to authorized representatives of the Union for the purpose of consulting with the Employees aboard vessels of the Company covered by this Agreement in respect to Union business.
- 6.02 Authorized representatives of the Union may board, and remain on board, the vessels only while they are in port. Arrangements to board a vessel must be made through the Company's office, on reasonable notice. Any Union representative boarding a vessel must immediately report to the Master or his/her designate. While onboard, Union representatives may confer with Employees, but otherwise may engage in discussion only with the Master in respect of any dispute or grievance. Union representatives shall not have the right to interfere in any way with the operations of the vessel.
- 6.03 The Company upon receiving a waiver, in a form satisfactory to the Company, of any claim for any damage resulting from any accident or injury in or about Company property, shall thereupon issue a pass to each such representative enabling him/her to board the Company's vessels while in port for the purpose set out in this Section. In the event the Union withdraws the privilege of boarding Company vessels from the designated Union representative, the Union undertakes to notify the Company to revoke such pass.
- 6.04 The Union representative shall not violate any provision of this Agreement or interfere with the Employees aboard the vessel or retard the work of the vessel, subject to the penalty of revocation of the pass granted by the Company pursuant to this Section.
- 6.05 The Company assumes no responsibility for securing passes to or through property owned or controlled by others, but the Company agrees to co-operate with the Union in securing such passes.

A handwritten signature in black ink, consisting of a large, stylized initial 'R' followed by several smaller, less distinct characters.

Article 7 LABOUR-MANAGEMENT COMMITTEE

- 7.01 The Company and the Union agree to form a Labour-Management Committee consisting of senior Company and Union representatives to provide a forum for the discussion of any issue except matters which have been made the subject of grievance/arbitration procedure.
- 7.02 The Labour-Management Committee will meet at least once each calendar year, but can also meet at the request of either party. These routine meetings are to coincide with the Health and Safety Committee as described in Article 21 and the annual meeting as described in Article 29.
- 7.03 The parties will agree in advance on the agenda for each meeting. Minutes will be kept, circulated after each meeting, and signed off by the parties.

Article 8 DEFINITIONS

- 8.01 In this Agreement "Day" means a twenty-four (24) hour day commencing at 0000 hours one day and ending at 2400 hours on the same day.
- 8.02 In this Agreement words importing male persons include female persons and corporations, words in the singular include the plural and words in the plural include the singular.
- 8.03 In this Agreement "Employee" means an Employee in the Unlicensed bargaining unit covered by this Agreement.
- 8.04 In this Agreement "Year of Service" means a period consisting of twelve (12) months.
- 8.05 In this Agreement "Company" means Teekay Canadian Tankers Limited.
- 8.06 In this Agreement "Union" means the Seafarers' International Union of Canada.

Article 9 PROBATIONARY EMPLOYEES

- 9.01 An Employee shall be considered to be a probationary Employee until he/she has been employed by the Company in the bargaining unit for a period of 120 days. During the period of probation, the Employee's suitability for permanent employment will be assessed by the Company.
- 9.02 At any time during the period of probation, an Employee may be released by the Company if the Company judges the Employee unsuitable for permanent employment. Employees released during the probationary period cannot grieve their release under Article 25
- 9.03 Any days previously worked for the Company by an Employee on a relief basis will be counted towards the probationary period.

Article 10 LENGTH OF SERVICE AND SENIORITY

- 10.01 For the purpose of this Agreement, "Length of Service" with the company is the total length of continuous service with the Company as an Employee providing he/she has successfully completed the probationary period under Article 9.

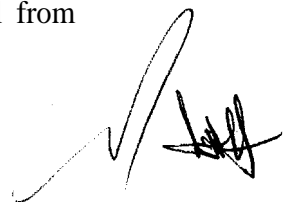
For the purpose of this Agreement, "Seniority" is defined as the length of time served in a particular rank up to a maximum of five (5) years. Seniority has been incorporated into the wage scales, it is shown as an incremental increase in salary as each year in

rank is attained. When promoted to a higher rank seniority reverts to zero.

- 10.02 If two or more Employees have the same seniority, the the length of service with the company shall be taken into account, the employee with the longest length of service will be considered to be the more senior.
- 10.03 A "Length of Service" list will be compiled by the Company and will be revised annually. Such list will show the employees name and start date with the Company.
- 10.04 In the event an employee is promoted to a position outside this bargaining unit, he/she will accrue seniority in rank, provided he/she continues their employ within the Teekay Group of companies.
- 10.05 An Employee shall lose his/her length of service standing and/or seniority in rank in any one of the following cases:
- a) where the Employee voluntarily quits;
 - b) where the Employee is discharged for cause;
 - c) where the Employee is laid off and fails to return to work within fifteen (15) days after the Company has delivered written notice to him/her and to the Union by prepaid registered post advising him/her to return to work;
 - d) where an Employee has been laid off because of lack of work for a continuous period of more than twenty-four (24) months.
 - e). where an Employee does not work because of illness for a continuous period of more that twenty four months (24 months) his employment shall be considered terminated.
- 10.06 In the selection of Employees for promotion within the bargaining unit, where ability, qualifications and seniority in rank are equal, length of service with the company will be the determining factor.
- 10.07 Notwithstanding any other provisions contained in this Agreement, the Company may at its discretion promote a Company Employee in order to fill a temporary vacancy for a period not exceeding sixty (60) days, but at or before the expiry of that sixty (60) day period, the Company shall fill the vacancy in accordance with the express provisions of this Agreement.

Article 11 LAYOFF AND RECALL

- 11.01 It is agreed that in layoffs, rehires and placements within the bargaining unit, where skill and efficiency are relatively equal, preference will be given to the employee with the greatest length of service with the Company.
- 11.02 Notice of recall will be by telephone and will be provided at least seventy-two (72) hours in advance of the scheduled report time unless exceptional circumstances do not permit this. It is the responsibility of the Employee to ensure that the Company is always advised of how best to contact the Employee for purposes of recall from layoff.



Article 12 TOURS OF DUTY AND HOURS OF WORK

- 12.01 The Union and the Company agree that a "Tour of Duty" be approximately two months on board ship, followed by approximately two months off the ship, acknowledged as a 2 on and 2 off system. For every month worked, an Employee is credited with one month's leave. The company will do everything possible to maintain this schedule but reserves the right to extend or shorten this schedule to allow the vessel to reach the port determined by the Company to be appropriate for Employees to leave or join the vessel. Under usual vessel trading pattern where the vessel is anchored awaiting port operations at Whiffen Head Anchorage the maximum relief schedule adjustment should not exceed five (5) days, in which case the company will provide, at its own cost a shuttle service to permit the crew change to take place. Tour of Duty may be extended beyond two months with the consent of the Company, the Employee and the Union.
- 12.02 Employees shall work a twelve (12) hour day each day of the week. Employees shall be expected to work any hours necessary to operate, overhaul, or otherwise preserve the safety, efficiency, and operation of the vessel and crew. An Employee may make a written request to extend his/her tour of duty in order to accumulate a longer period of leave. Approval will be at the discretion of the Company and will be subject to operational considerations, but not to the detriment of another Employee wishing to return to work.
- 12.03 The Company and the Union agree that the hours of work and rest regulations contained in the Canada Shipping Act, as amended from time to time, shall be strictly adhered to.
- 12.04 Day working Employees will work twelve (12) hours per day on a "flex hour" schedule. "Flex hour" means that normal working hours can be adjusted to meet the requirement of the job. However, if more than twelve (12) hours of work is required during a Day, the excess hours qualify as overtime and overtime provisions apply. Nothing in this Article shall be construed as to change past practice.
- 12.05 A minimum of seven (7) days' notice in writing must be given to the Master by an Employee intending to take leave. However, having regard to the need of the Company to be able to continue to operate its vessels with sufficient qualified Employees at all times, the right to begin a period of leave is conditional upon the approval of the Company. Such approval will not be unreasonably withheld.
- 12.06 Where Employees are required to work six (6) and six (6) shifts, shifts shall be as assigned by the Master with due consideration given to seniority and ability.
- 12.07 Should an Employee fail to report for duty as scheduled, the Employee he/she was to replace must remain on duty until a substitute is secured. The extra hours worked by the Employee remaining on watch will be owed to him/her by the Employee who was missing from his/her watch and must be repaid.
- 12.08 When a vessel is at a dock, an Employee may leave the vessel but must return to the vessel not less than thirty (30) minutes prior to his/her assigned shift or to the time of sailing, whichever comes first. The time of sailing will be posted on the notice board.
- 12.09 With the prior approval of the Master or Chief Engineer, which shall not be unreasonably withheld, an Employee may, while the vessel is in port or at anchor, make private arrangements with other Employees to exchange watches thereby enabling him/her to go ashore. There shall be no additional cost to the Company as a result of any such exchange of watches.
- 12.10 If an Employee misses a vessel due to the fact that it sails before the posted sailing time, he/she will notify the Master by telephone within two (2) hours of the original

posted sailing time, and if the Employee joins the vessel at the first point where it can be boarded, he/she will be reinstated and reimbursed his/her transportation costs to the vessel, provided he/she notifies the Master as soon as possible of his/her intention to rejoin the vessel. There will be no break in service of the Employee under these circumstances.

- 12.11 If an Employee misses a vessel due to circumstances for which he/she cannot be held responsible, he/she will be reinstated provided he/she promptly notifies the Master or the Company's office of his/her intention to rejoin the vessel and rejoins the vessel at the first point where it can be boarded. All transportation costs will be borne by the Employee.
- 12.12 Maintenance work is hereby defined as painting, chipping, soogeeing, scraping or repairing ship's gear. Deck maintenance work, except when concerned with the safe navigation of the vessel, shall be performed between 06:00 and 18:00 hours.

Article 13 RATES OF PAY AND PAID LEAVE SYSTEM

- 13.01 Gross wages will be paid as per the Company's salary scale indicated in Appendix 'D'.
- 13.02 An Employee will be entitled to one day's paid leave for each full day worked on board ship.
- 13.03 Each Employee will receive a regular monthly pay cheque while on board ship and while on shore leave.
- 13.04 Where the twelve (12) hour day applies, the time off schedule will consist of one day off with pay plus a leave day premium of point one five (0.15) days for each twelve hour day worked.
- 13.05 The annual salary as detailed in Appendix 'D' is inclusive of working 84 hours per week while on the vessel, statutory pay, vacation pay and the leave day premium of 0.15 days per clause 13.04.

Article 14 EXTRA - OVERTIME

- 14.01 All hours worked in excess of twelve (12) hours in a day will be considered Extra Overtime and will be paid at the Overtime Hourly Wage Rate as detailed in Appendix 'D'. Any portion of the first hour worked in excess of twelve (12) hours will be paid as a full hour and on the one-half (1/2) hour thereafter.
- 14.02 Extra Overtime will be recognized only when it has been approved by the Master in writing prior to the overtime being worked.
- 14.03 No employee shall be required to perform more than sixteen (16) hours of continuous work, excluding meal hours, in a twenty-four (24) hour period.
- 14.04 The Master will ensure that Overtime work is distributed equitably among the Employees.
- 14.05 Any work necessary for the safety of the vessel, passengers, crew or cargo, or for the

saving of or rendering assistance to other vessels, lives, property or cargoes, will be performed at any time on immediate call by all Employees and notwithstanding any provisions of this Agreement which might be construed to the contrary, in no event will overtime be paid for the work performed in connection with these emergency duties of which the Master will be the sole judge. Further, the Master may, whenever he/she deems it advisable, require any Employee to participate in lifeboat or other emergency drills without incurring overtime.

Article 15 MEALS

- 15.01 Employees who are entitled to meals while on Company business will be reimbursed upon submission of bona fide receipts for reasonable costs incurred by them in the purchase of meals when the Company is unable to provide the Employee with a meal(s) on board a ship. Allowable costs for such meals are stated in Article 17.07.
- 15.02 All Employees shall be permitted 1/2 hour free from work for the purpose of eating each meal.

Article 16 WAGE ADMINISTRATION

- 16.01 The basic rates of pay for the Employees covered by this Agreement shall be as set forth in the wage schedules in Article 13.
- 16.02 When an Employee is temporarily assigned by the Master to a higher paid position, for a period of at least one (1) shift, for the purpose of replacing an Employee who is injured, sick or absent, the Employee will receive the rate of the position to which he/she has been temporarily assigned by the Master. If assigned to a lower paid position for the purpose of replacing an Employee who is injured, sick, or absent, the Employee will continue to receive the rate of his/her regular position rather than the lower rate of the position to which he/she has been temporarily assigned.
- 16.03 Wages will be paid by way of direct deposit into the Employee's bank account no later than two days following the end of each pay period. The pay stub will be sent to the Employee aboard the vessel. Each Employee must provide the Company with an authorization for direct deposit and all relevant banking information and any changes thereto.
- 16.04 Wages paid into employees bank accounts shall have deducted at source all statutory Deductions and deductions for RRSP. In addition onboard deductions for cash advance, slop chest and radio account will be made a month in arrears (eg April onboard deductions to be deducted from May salary)

Article 17 TRANSPORTATION COSTS

- 17.01 Upon joining or leaving the vessel for leave or work periods, the Company agrees to pay the Employee reasonable transportation costs to and from his/her home and the ship. These costs are to include economy surface passage, economy air fare or two way car allowance where public transport is not available and meals and berth. The car allowance will equal thirty-five cents (\$0.35) per kilometre.
- 17.02 To be eligible to have the Company pay the transportation costs, the Employee must complete his/her assigned tour of duty. If an Employee quits or is dismissed for cause, transportation costs will not be paid by the Company.
- 17.03 An Employee shall be given forty-eight (48) hours notice prior to joining his/her vessel.
On the day of travel, either joining or leaving a vessel for a normal tour of duty, an

employee shall be credited with one half day of work and one half day of leave, regardless of whether the employee works that day or does not work that day. For administration purpose the Company will credit a full day of leave on the joining day, the day of leaving the ship would then be regarded as the date of starting earned voyage leave.

- 17.04 In the event that an Employee is transferred by the Company from one vessel to another vessel of the Company, the Company shall continue to pay the Employee his/her regular lay-day rate of pay, and benefits, and reasonable expenses during the time period necessary to enable him to make his/her transfer.
- 17.05 In the event an Employee is injured or becomes ill and a medical doctor determines that he/she must leave the vessel as a result, the Company will pay the Employee's cost of transportation to the hospital or to the Employee's residence.
- 17.06 If the Company requests an Employee to attend to any Company business, without limiting the generality of the foregoing, it will be without loss of pay or benefits and the Company shall reimburse the Employee for all reasonable expenses incurred by him/her upon production of acceptable receipts and vouchers.
- 17.07 The maximum allowable rate for meals shall be fifteen dollars (\$15.00) per meal exclusive of taxes and ninety dollars (\$90.00) per room, exclusive of taxes supported by receipts

Article 18 EMPLOYEE RESIGNATION

- 18.01 When an Employee decides to resign from employment with the Company, he/she must give the Master a minimum of forty-eight (48) hours notice in writing.
- 18.02 The Company will not pay the cost of transportation from the vessel to an Employee's home where an Employee resigns while working on board a vessel. Should an Employee work less than fifteen (15) days of his/her scheduled tour of duty, the Company shall be entitled to recover all related expenses incurred while joining the vessel. If the ship is trading outside of Canadian waters and the Company is required to repatriate the Employee, the cost of repatriation will be deducted from the Employee's pay cheque.

Article 19 LEAVES OF ABSENCE

- 19.01 An Employee who has completed the probationary period, will be granted bereavement leave when death occurs to a member of his/her immediate family, that is, his/her father, mother, spouse, child, brother, sister. The Employee granted leave to attend the funeral will be paid at his/her basic rate for time lost up to a maximum of five (5) days. The Company will pay transportation costs to and from the vessel to the Employee's home under these circumstances.
- 19.02 Employees will be entitled to reasonable leave of absence without pay in the event of either illness or injury to himself/herself or a member of his/her immediate family.
- 19.03 Employees will be entitled to child care leave in accordance with the provisions of the Canada Labour Code.
- 19.04 Claims for leave under this Article must be supported by proper medical or bereavement evidence upon returning to the vessel, otherwise the Employee forfeits his/her right to employment with the Company.
- 19.05 An Employee returning from leave under Article 19.01 or Article 19.02 will notify the Company's office seventy-two (72) hours in advance of the time he/she is ready to return to the vessel.

19.06 The Company will assist in providing adequate time off without pay for Employees wishing to attend school to either maintain their present qualifications or upgrade their certifications, when mutually agreed and in the best interest of the Company.

Article 20 HEALTH AND SAFETY

20.01 Shipboard Safety Committee, having at least one Union representative on it, shall be established to promote safe and healthy working conditions for the persons employed on vessels of the Company. The Committee shall hold meetings as necessary but no less than once per year. These routine meetings are to coincide with the Labour Management Committee as described in Article 21 and the annual meeting as described in Article 29. Minutes of the meetings will be kept and forwarded to the Company's designated representative for information and circulation.

20.02 All safety regulations which are or come into effect by the Company shall be strictly adhered to by each Employee. Failure of an Employee to comply with safety regulations may be cause for dismissal.

20.03 No animals or pets will be permitted on board a ship.

Article 21 DRUG AND ALCOHOL POLICY

21.01 Purpose

To prohibit the use of drugs and alcohol onboard,

The Company does not supply alcohol to vessels covered by this agreement. The vessel will operate as a "dry ship".

It ensures that ship staff does not navigate or operate equipment while impaired by drugs or alcohol and that they are able to respond to an emergency at any time.

Any drug and alcohol procedures laid down in the charter party, exceeding this procedure, will supersede it onboard vessels covered by this agreement.

21.02 Responsibilities

Management

- Verifying that ship staff complies with these procedures by instigating unannounced drug and alcohol tests.
- Conveying, to the Master, any additional drug and alcohol procedures laid down in the charter party exceeding this procedures.

Master

- Ensuring that all ship's staff comply with the drug and alcohol procedures and other external laws relevant to the trade of the vessel.
- Ascertaining that all ship's staff comply with any drug and alcohol procedures laid down in the charter party, which exceeds these procedures.

Ship staff

- Never performing duties or operating equipment while impaired by drugs or alcohol and at all times being able to respond to an emergency.
- Never bringing on board any illegal drug or alcohol for use, distribution or sale.
- Never handing over any shipboard duties to anyone suspected to be under the effect of drugs or alcohol; if in doubt, informing the Master.

21.03 Policy

- All ship staff is subject to drug and alcohol testing during scheduled physical examinations.
- Third party unannounced drug / alcohol testing will be arranged such that all crewmembers onboard the vessel at the time of the scheduled test be tested, and that each vessel be scheduled for testing at least once per year. Other testing may be carried out by Marine Safety Inspectors, Master / designated officer or authorized persons as required.
- Whenever ship staff carries out alcohol testing, complete the Drug Alcohol/Testing Log Form (FM0086) and file it onboard. A copy is to be forwarded to the Fleet General Manager as soon as possible.
- It is forbidden for alcohol to be consumed or stored on board at any time. Ship's staff are not allowed to bring any kind of alcoholic beverage onboard
- The blood alcohol content for anyone onboard must not exceed 0.0 % at any time.
- The Company will co-operate with authorities in investigation of any drug and alcohol related incidents. Any Teekay employee involved with illegal drugs will be reported to the local legal authorities.
- Teekay has the right to request testing of any crewmember if it is suspected that their blood alcohol content exceeds 0.0 %.
- In the case of an incident, the Master can request that a crewmember be tested, provided that the vessel is equipped with an approved Breathalyzer to prove their sobriety.
- The crewmember can accede or decline testing initiated by the Master or Company Management. The results of the test, or refusal to do so, will be logged and will weigh heavily on the evidence when the company considers the matter. A refusal by a crewmember to prove his sobriety will be regarded as no proof of his sobriety.
- Mandatory breath analyzer and or drug testing will be carried out in the event of a maritime incident, or a very serious personnel injury, where alcohol or drugs may have been a factor.
- Misuse of prescribed or non-prescribed drugs is prohibited. Seafarers are to be encouraged to seek medical advice if there are any doubts concerning the likely effect of prescribed or non-prescribed drugs.
- The Company will provide counseling to employees who are experiencing problems with alcohol or drug addiction.
- Supernumeraries, Riding squads and visitors must comply with this policy.
- Disciplinary actions are to be taken towards ship staff abusing alcohol and or drugs.

- The vessel is to be searched for drugs prior to arrival in US ports, or when ever deemed necessary

Article 22 FAMILY VISITATION

22.01 With the prior approval of the Master, which will not be unreasonably withheld, an Employee may, only while the vessel is in port, bring his/her spouse and family aboard for a visit, with the exception of children under twelve (12) years of age. Immediately upon coming on board, the Employee and his/her family members must sign a waiver releasing the Company from all liability and while on board must observe the Company's safety policy.

Article 23 COMPANY DISCIPLINARY POLICY AND PROCEDURES

23.01 Section 1

The following acts of misconduct, if proved to the reasonable satisfaction of the Master to have been committed, are those for which dismissal from the ship, either immediately or at the end of the voyage, will, according to the circumstances of the case, be considered appropriate apart from any legal action which may be called for:

- Assault.
- Willful damage to ship or any property on board.
- Theft or possession of stolen property.
- Possession of offensive weapons.
- Persistent or willful failure to perform duty.
- Unlawful possession or distribution of drugs.
- Conduct endangering the ship or persons on board.
- Combination with others at sea to impede the progress of the voyage or navigation of the ship.
- Disobedience of orders relating to safety of the ship or any person on board.
- To be asleep on duty or fail to remain on duty if such conduct would prejudice the safety of the ship or any person on board.
- Incapacity through the influence of drink or drugs to carry out duty to the prejudice of the ship or of any person on board.
- To smoke, use a naked light or an unapproved electric torch in any part of the ship carrying dangerous cargo or stores where smoking or the use of naked lights or unapproved torches is prohibited.
- Intimidation, coercion and interference with the work or other employees.
- Behavior which seriously detracts from the safe and efficient working of the ship.
- Behavior which seriously detracts from the social well-being of any other persons on board.
- Causing or permitting unauthorised persons to be on board the ship whilst it is at sea.
- The solicitation or acceptance of any gratuities or favours whether in cash or in kind in the course of or related to service with the Owners.
- Repeated acts of misconduct of a lesser degree listed in Section 3, after warnings have been given in accordance with the procedures listed in Section 2.

23.02 Section 2



Lesser acts of misconduct may be dealt with by:

- Informal Warning administered at an appropriate level lower than that of the Master, may be recorded on the company form.
- Formal Warnings by the Master recorded in the ship's official logbook and the company form.

23.03 Section 3

The following acts of misconduct, if proved to the reasonable satisfaction of the Master or Department Heads to have been committed, for which the procedure in Section 2 is considered appropriate are:

- Offences of the kind described in Section 1 which are not considered to justify dismissal in the particular circumstances of the case.
- Minor acts of negligence, neglect of duty, disobedience or assault.
- Unsatisfactory work performance.
- Poor time keeping.
- Stopping work before the authorised time.
- Failure to report to work without satisfactory reason.
- Absence from place of duty or from ship without leave.
- Offensive or disorderly behavior.

23.04 Section 4

In the event of a dismissal from the ship, Company's designated Manager will review the circumstances of the seafarer's dismissal and decide whether the individual's employment should be terminated. The Seafarer will be advised in writing of the outcome of the hearing. The seafarer may take up the matter with the Company's designated representative.

The onboard procedure to be followed in the case of a breach or continued breaches of Company Disciplinary Policy, with the exception of those breaches that require dismissal from the vessel or Company is as follows:

- | | | |
|-----|-------------------------|--------------------|
| 1). | Recorded Verbal Warning | Head of Department |
| 2). | Written Warning | Master |
| 3). | Final Written Warning | Master |
| 4). | Written Dismissal | Master |

All breaches of the Disciplinary Policy are to be recorded in the official Log Book in addition to use of Company form S-43.

Article 24 MARINE DISASTER

24.01 An Employee who, while employed by the Company, suffers loss of clothing or other personal effects of any kind because of marine disasters or shipwreck, shall be compensated by the Company for such a loss, up to a maximum of two thousand, five hundred dollars (\$2,500.00).

24.02 An Employee or his/her estate making a claim under this section shall submit reasonable proof to the Company of the actual loss he/she has suffered.



Article 25 GRIEVANCE PROCEDURE

25.01 In the event a grievance arises on a vessel of the Company as to the interpretation or application of or in compliance with the provisions of this Agreement, including without limiting the generality of the foregoing, a grievance in respect to wages, hours of work or conditions of employment of any Employee, there shall be no interruption or impeding of work, and the parties shall endeavour to settle the grievance in the following manner:

a) **STEP ONE**

The crew member should first raise the matter with his Head of Department, who will attempt to resolve the matter.

b) **STEP TWO**

In the event that the Head of Department is unable to resolve the matter, it shall then be referred to the Master.

c) **STEP THREE**

If the matter cannot be resolved onboard, a written report (S44 Grievance Procedure Form) is to be submitted to the Company. The report shall contain details of the complaint and of action taken onboard. The Company and a Union representative will convene a hearing ashore in attempt to resolve the matter.

d) **STEP FOUR**

In the event that the Company Management and Union representative are unable to resolve the matter under Step 3, the Union, acting on behalf of an Employee, may submit the grievance at once to arbitration in the manner set out in Article 26.

ARTICLE 26 ARBITRATION PROCEDURE

26.01 In the event any difference arises between the Company and The Union as to the interpretation, alleged violation or application of or compliance with this Agreement or as to any grievance or dispute arising out of the operation of Article 25 of this Agreement the difference may be submitted to arbitration pursuant to the terms of this section.

26.02 Arbitration of any difference arising under Article 26.01 shall be submitted to a single arbitrator jointly selected by the Union and the Company. This selection shall be made within ten (10) days after the request for arbitration has been made by either party to this Agreement. In the event that the parties fail within the said ten (10) day period to agree upon the selection of an arbitrator, the matter may be referred by either party to the Minister of Labour for Canada who shall select and designate the arbitrator.

26.03 In the event the selected arbitrator is unable to serve by reason of death, incapacity or resignation, or for any other reason, his replacement shall be appointed in the same

manner as is provided herein for the appointment of the first arbitrator.

- 26.04 A statement of the dispute or question to be arbitrated shall be submitted by the grieving party to the arbitrator within five (5) days of his appointment. The arbitrator shall convene the parties within ten (10) days following his appointment unless a delay is agreed to by the parties, and the arbitrator shall render his decision as soon thereafter as possible.
- 26.05 The decision of the arbitrator shall be limited to the dispute or question contained in the statement or statements submitted to him. The decision of the arbitrator shall not change, add to, vary or disregard any conditions of this Agreement. The decision of the arbitrator which are made under the authority of the Arbitration Article shall be final and binding upon the Company, the Union and all persons concerned.
- 26.06 The expenses, fees and costs of the arbitrator shall be paid by the party to this Agreement found to be in default upon the arbitrator's resolution of the grievance or, if the arbitrator resolves the grievance in such a way that neither side shall be found wholly in the right, then the arbitrator shall also establish the proper split of the expenses, fees and costs between the two parties in the proportion appropriate to the share of responsibility that each side had in the production of the grievance.

Article 27 STRIKES AND LOCKOUTS


- 27.01 The Union and the Company declare it to be their common intention that all controversies shall be resolved amicably in accordance with the provisions of this Agreement, and to this end:
- a) the Union agrees that there shall be no strikes, slowdowns or stoppages of work for any cause; and
 - b) the Company agrees that there shall be no lockout for any cause during the term of this Agreement.
- 27.02 The Company will not expect the Employees to cross a lawful picket line in a industry related to the business of the Company nor to perform the work of the people on strike. However, Employees will be expected to remain on board the vessel and perform their regular duties.

Article 28 GENERAL PROVISIONS

- 28.01 Nothing in this Agreement will be construed so as to affect the obligations of the parties under the provisions of the Canada Shipping Act, or other legislation, or to impair in any manner whatsoever the authority of the Master.
- 28.02 Where Employees are displaced due to automation, mechanization, permanent reduction in the number of Employees because of the sale of a vessel, or a layoff, Employees with more than one (1) years service will be entitled to severance as set out in the Canada Labour Code.

Article 29 DURATION AND RENEWAL


- 29.01 This agreement shall become effective from 1st January, 2006 and unless otherwise noted herein, shall continue in full force and effect until December 31, 2006, inclusive and thereafter from year to year unless either party serves written notice on the other party to the contrary at least ninety (90) days prior to December 31, 2006 or ninety days prior to December 31 of any subsequent year.


I

IN WITNESS WHEREOF the parties hereto have signed this Agreement

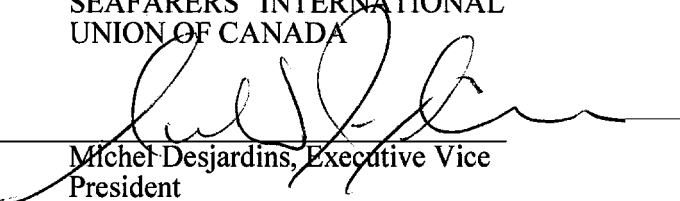
Signed at GLASGOW, this 25 day of APRIL, 19 2006

TEEKAY CANADIAN TANKERS
LIMITED.



Attorney in fact.

SEAFARERS' INTERNATIONAL
UNION OF CANADA



Michel Desjardins, Executive Vice
President

APPENDIX "A"

**BETWEEN TEEKAY CANADIAN TANKERS LIMITED AND
THE SEAFARERS' INTERNATIONAL UNION OF CANADA**

Manning Scale

The Company agrees that effective the date of signing of the Collective Agreement, the manning scale for the Avalon Spirit will be as detailed in the Transport Canada Minimum Safe Manning Document as appended below, and will not be reduced without the agreement of the Union

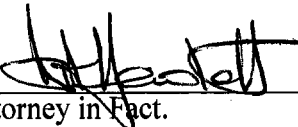
Seaman (Bridge Watchman STCW 95 Reg II/4)	3
Seaman	1
Engine Room Assistant (ERA STCW 95 Reg III/4)	3
Chief Cook (Ships Cook ILO, 1946, No 69)	1
TOTAL	8

A Fleet Electrician will form part of the ships' permanent complement on a rotating basis. He will be transferred from ship to ship as required by Company Management.

In the event the Company acquires new vessels requiring different manning levels than the existing vessels, the Company will discuss such manning levels with the Union prior to commencing the operation in Canadian waters of any such vessel.

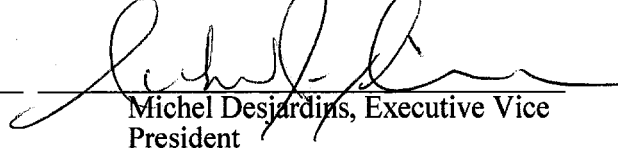
Signed at GLASGOW, this 25 day of APRIL 19 2006

TEEKAY CANADIAN TANKERS
LIMITED.



Attorney in Fact.

SEAFARERS' INTERNATIONAL
UNION OF CANADA.



Michel Desjardins, Executive Vice
President

APPENDIX "B"

LETTER OF UNDERSTANDING

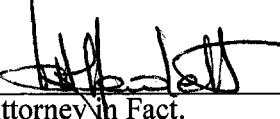
**TEEKAY CANADIAN TANKERS LIMITED AND
THE SEAFARERS' INTERNATIONAL UNION OF CANADA**

Seafarers' Group Benefit Plan

The Company agrees to provide to all employees that have satisfactorily completed their probationary period a Group Benefit Plan as set out in the Great West Life schedule.

Signed at Calgary, this 25 day of APRIL, 19 2006

TEEKAY CANADIAN TANKERS
LIMITED.



Attorney in Fact.

SEAFARERS' INTERNATIONAL
UNION OF CANADA



Michel Desjardins, Executive Vice
President

APPENDIX "C"
LETTER OF UNDERSTANDING

BETWEEN TEEKAY CANADIAN TANKERS LIMITED AND
THE SEAFARERS' INTERNATIONAL UNION OF CANADA

FRINGE BENEFITS

PENSION PLAN

- a) Each employee who has completed their probationary period shall have an annual contribution made to his/her RRSP account equivalent to 3% of the gross salary as detailed in the Company's wage scale. Such contributions shall be made monthly.
- b). Employees terminating service shall have pro-rated contributions.

WELFARE / HIRING HALL

The Company agrees to pay to the Seafarers International Union of Canada Hiring Hall Fund the sum of one dollar and twenty-five cents (**\$1.25 Canadian**) per person per day. Retroactive payment shall be paid upon renewal of the present agreement.

For the purpose of making remittances, the dates for which contribution is made will be quarterly, end of March, June, September, December.

TEEKAY CANADIAN TANKERS
LIMITED.



Attorney in Fact.

SEAFARERS' INTERNATIONAL
UNION OF CANADA



Michel Desjardins, Executive Vice
President

APPENDIX "D"

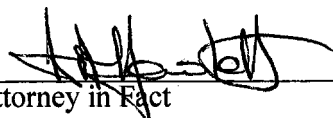
Wage Scale Canadian Ratings Avalon Spirit - Canadian Dollars

	System worked	
Bosun	2 2	Basis 30 Days Leave per month
Pumpman	2 2	Basis 30 Days Leave per month
Seaman(BWA)	2 2	Basis 30 Days Leave per month
ERA	2 2	Basis 30 Days Leave per month
Chief Cook	2 2	Basis 30 Days Leave per month
2nd Cook	2 2	Basis 30 Days Leave per month
Steward	2 2	Basis 30 Days Leave per month

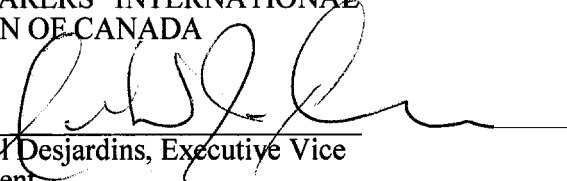
Seniority Increment, maximum 5 years, when promoted to a higher rank seniority reverts to zero.

Rank	Start	Yr 1	Yr 2	Yr 3	Yr4	Yr5
Bosun	4,691.00	4,701.00	4,711.00	4,721.00	4,731.00	4,741.00
	56,292.00	56,412.00	56,532.00	56,652.00	56,772.00	56,892.00
	Hourly Rate	13.03	13.06	13.09	13.11	13.14
	Overtime Rate	19.55	19.59	19.63	19.67	19.71
Pumpman	4,691.00	4,701.00	4,711.00	4,721.00	4,731.00	4,741.00
	56,292.00	56,412.00	56,532.00	56,652.00	56,772.00	56,892.00
	Hourly Rate	13.03	13.06	13.09	13.11	13.14
	Overtime Rate	19.55	19.59	19.63	19.67	19.71
Seaman (BWA)	3,878.00	3,888.00	3,898.00	3,908.00	3,918.00	3,928.00
	46,536.00	46,656.00	46,776.00	46,896.00	47,016.00	47,136.00
	Hourly Rate	10.77	10.80	10.83	10.86	10.88
	Overtime Rate	16.16	16.20	16.24	16.28	16.33
ERA	3,878.00	3,888.00	3,898.00	3,908.00	3,918.00	3,928.00
	46,536.00	46,656.00	46,776.00	46,896.00	47,016.00	47,136.00
	Hourly Rate	10.77	10.80	10.83	10.86	10.88
	Overtime Rate	16.16	16.20	16.24	16.28	16.33
Chief Cook	4,691.00	4,701.00	4,711.00	4,721.00	4,731.00	4,741.00
	56,292.00	56,412.00	56,532.00	56,652.00	56,772.00	56,892.00
	Hourly Rate	13.03	13.06	13.09	13.11	13.14
	Overtime Rate	19.55	19.59	19.63	19.67	19.71
2nd Cook	3,608.00	3,618.00	3,628.00	3,638.00	3,648.00	3,658.00
	43,296.00	43,416.00	43,536.00	43,656.00	43,776.00	43,896.00
	Hourly Rate	10.02	10.05	10.08	10.11	10.13
	Overtime Rate	15.03	15.08	15.12	15.16	15.20
Steward	3,247.00	3,257.00	3,267.00	3,277.00	3,287.00	3,297.00
	38,964.00	39,084.00	39,204.00	39,324.00	39,444.00	39,564.00
	Hourly Rate	9.02	9.05	9.08	9.10	9.13
	Overtime Rate	13.53	13.57	13.61	13.65	13.70

TEEKAY CANADIAN TANKERS LIMITED.


 Attorney in Fact

SEAFARERS' INTERNATIONAL UNION OF CANADA


 Michel Desjardins, Executive Vice President

LETTER OF UNDERSTANDING

BETWEEN TEEKAY CANADIAN TANKERS LIMITED AND
THE SEAFARERS' INTERNATIONAL UNION OF CANADA

ERROR IN ORIGINAL WAGE SCALE CANADIAN RATINGS - M.T. AVALON SPIRIT

Due to a clerical error in the December 2002 Wage Scale the annual seniority increment for the ranks of Bosun, Pumpman and Bridge Watch Assistant, the increment is listed as \$480 per annum upto a maximum of 5 years, this increment should have been listed as \$120 per annum upto a maximum of 5 years, as is the other ranks. It is hereby agreed that the following seafarers serving in these ranks where the error occurs will be "red circled" (retain existing seniority calculation) on this level of seniority as detailed in the wage scale below. Other ranks and new hires will continue to use the levels of seniority as detailed in Appendix "D" of this agreement.

Bosun's - John Prosper & Harry Perry. Pumpmen Cornect Boyd & Jean Lemay
BWA's Gerard Simon, Leroy Laney, Mike Wall, Kevin Young, Colin Ralph, Peter Norman, William Keating, Syris Robia, Morgan Tallack, Shawn Drover.

Red Circled Wage Scale Canadian Ratings


System worked
2_2

Basis 30 Days Leave per month

Seniority Increment, maximum 5 years, when promoted to a higher rank seniority reverts to zero.

Rank	Start	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Bosun	4,691.00	4,731.00	4,771.00	4,811.00	4,851.00	4,891.00
	56,292.00	56,772.00	57,252.00	57,732.00	58,212.00	58,692.00
Hourly Rate	13.03	13.14	13.25	13.36	13.48	13.59
Overtime Rate	19.55	19.71	19.88	20.05	20.21	20.38
Pumpman	4,691.00	4,731.00	4,771.00	4,811.00	4,851.00	4,891.00
	56,292.00	56,772.00	57,252.00	57,732.00	58,212.00	58,692.00
Hourly Rate	13.03	13.14	13.25	13.36	13.48	13.59
Overtime Rate	19.55	19.71	19.88	20.05	20.21	20.38
Seaman (BWA)	3,878.00	3,918.00	3,958.00	3,998.00	4,038.00	4,078.00
	46,536.00	47,016.00	47,496.00	47,976.00	48,456.00	48,936.00
Hourly Rate	10.77	10.88	10.99	11.11	11.22	11.33
Overtime Rate	16.16	16.33	16.49	16.66	16.83	16.99

TEEKAY CANADIAN TANKERS LIMITED.


Attorney in Fact

SEAFARERS' INTERNATIONAL UNION OF CANADA


Michel Desjardins, Executive Vice President