

AGREEMENT

between

HIGHLAND TRANSPORT
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)
and

RECEIVED
JUN 01 2007

USW Local 1976

for

OWNER-OPERATORS

JANUARY 1, 2006 to DECEMBER 31, 2008

136 16 (p1)

TABLE OF CONTENTS

Preamble		1
Interpretation		1
Article 1	Recognition and Administration	1
Article 2	Union Security	1
Article 3	Management Functions	2
Article 4	Representation	3
Article 5	Grievance Procedure and Arbitration	4
Article 6	Strikes, Lockouts and Picket Lines	5
Article 7	Seniority	5
Article 8	Allocation and hours of Work	6
Article 9	General Holidays	7
Article 10	Vacations	7
Article 11	Health and Welfare	.8
Article 12	Payment for Equipment and Services	8
Article 13	Remuneration & Compensation	8
Article 14	Union/Management-Communications	8
Article 15	Duration	9
Letter of Understanding #1	Union/Management Committee	10
	Schedule "A"	
	Owner-Operator Information Package	11
	General Freight Rate Package	15
	Dedicated Rate Package	16
	Container Rate Package	17
	Schedule "B"	
	Owner-Operator Agreement	19
	Schedule "C"	
	Equipment Identification	25
	Schedule "D"	
	Contractor Fleet Concept	26
Contractors Hold Back Schedule		29
Equipment Lease Agreement		30
Master Lease Agreement		31

Preamble

The intent and purpose of the Agreement shall be to promote and improve industrial and economic relations, to establish and maintain a high degree of discipline and efficiency, and to set forth herein basic procedures covering hours of work and conditions of contract. It is also the purpose of this Agreement to provide a method of fair and peaceful adjustment of all disputes which may arise between the parties.

Interpretation

If in respect of any clause of this Agreement there is a dispute concerning a difference in meaning between the French text and the English text then the English will prevail.

Article 1 Recognition and Administration

1.1 **Highland Transport (6291856 Canada Inc. and Transport TFI 3, S.E.C.** (hereinafter referred to as the Company) recognizes USW Local 1976 (hereinafter referred to as the Union) as the exclusive bargaining agent for all Owner-Operators contracted by Highland Transport.

1.2 The effective date of this agreement shall be **JANUARY 1ST, 2006**

1.3 The Agreement shall be administered insofar as the Owner-Operators are concerned by the President of Local # 1976 or his designate.

Article 2 Union Security

2.1 It is agreed that all Owner-Operators shall become and remain members of the Union as a condition of contract while this Agreement is in force.

2.2 All Owner-Operators contracted as a condition of their continued contract, authorize the Company to deduct from their compensation an amount equal to the Union's monthly dues for the duration of this agreement and any extension of renewal thereof.

2.3 **All** Owner-Operators contracted on or after the effective date of this agreement shall, as a condition of continued contract, authorize the Company to deduct the Union's application fee. The Company agrees to remit such monies to the National Office of the Union along with a list of the Owner-Operators from whom the money was deducted.

2.4 (a) The Company agrees to deduct the monthly dues of all Owner-Operators, and to remit such monies to the National Office of the Union along with a list of personnel from whom the monies were deducted. The list will include the social insurance number, name and address of each person from whom the union dues were deducted.

- (b) The Union will notify the Company in writing of any arrears in dues and the Company will deduct such amounts as specified in the Union's notice. Such monies will be forwarded to the Union along with the monthly dues as provided above. If the Company deducts money for union dues, or arrears in dues or application fees, in error, such monies will be refunded directly by the Union to the person involved along with confirmation of such refund to the Company.
- (c) The Union will provide the Company with printed check-off forms which shall provide a column for dues, arrears in dues, and application fee. The Company shall each month add the name of each new Owner-Operator hired since the remittance of the previous check-off, along with the person's starting date. The Company shall also give an explanation beside the name of each person who appears on the previous month's check-off sheet for whom a remittance is not made.
- (d) The check-off and cheque for the union dues deducted must be in the office of the Union not later than the tenth (10th) day of the month following the month in which the monies were deducted.

2.5 As a condition of operation, all Owner-Operators shall join the union and shall maintain their membership during the term of this Agreement and any extension or renewal thereof, such membership to take effect from the date of hiring in the case of new Owner-Operators.

Article 3 Management Functions

3.1 The Union recognizes that the Company has the right:

- (a) To maintain order, discipline and efficiency;
- (b) To hire, classify, direct, assign, promote, demote, transfer, discipline, suspend and discharge Owner-Operators and to increase and decrease working forces, provided that a claim of dismissal without just cause may become the subject of a grievance and will be dealt with as hereinafter provided;
- (c) The Company shall determine the number and the location of Owner-Operators, the schedules of work, kinds and locations of machines, tools and equipment, selection, installation and requirements in the operation of any equipment or materials it decides to use and handle.
- (d) To make, alter and enforce rules and regulations to be observed by Owner-Operators not inconsistent with the terms of this Agreement, but this clause shall not deprive the union member of the right to exercise the grievance procedure as outline in this Agreement.

The Union recognizes the right and authority of the Company to exercise its managerial functions, provided that all Owner-Operators covered by this Agreement shall be treated with equal justice without violating the

terms of this agreement, and all Owner-Operators shall be entitled to utilize the provisions of this Agreement for the review and adjustment of disputes or grievances.

Article 4 Representation

- 4.1 The Company acknowledges the right of the Union to appoint a local representative and a **health and safety representative** at any of its major operating points.
- 4.2 The Union will inform the Company in writing of the name of the local representative(s) and of any subsequent changes.
- 4.3 Wherever possible, grievances shall be processed during the normal working hours and preferably on the premises of the Company
- 4.4 The Company acknowledges the right of the union to appoint a local representative at any of its major points. The local representative will be given time off when on union business. The union will provide the Company with advance written notice of at least five (5) working days.
- 4.5 When time off is required, the Union will inform the Company in writing of the name of the local representative and of subsequent changes.
- 4.6 The Company shall not refuse permission to any representative of the Union, upon request, to enter the Company's premises in the administration of this Agreement. Any officer of the Union shall have the right to check the dispatch records in the case of a complaint or grievance. This practice will not interfere with the daily operation and will be performed during regular business hours (8:30 a.m. to 5:00 p.m.).
- 4.7 The Company will allow any Owner-Operator who is a union representative and absent from work because of union business the opportunity to place a replacement driver in his truck. The replacement driver must be approved by the Company; approval will not be unreasonably withheld.
- 4.8 Once a replacement driver, full or part-time, is approved by the Owner-Operator, he shall be responsible for his conduct to the Company while he is on duty in the same manner as the Owner-Operator and subject to disciplinary action by the Company.
- 4.9 The replacement driver, full or part-time, is an employee of the Owner-Operator that he is replacing.
- 4.10 When the Union leave is long term, the Owner-Operator working for the Union will be taken off the Company health and welfare plans and the replacement driver will be put on the Company plan. The replacement driver will have to serve the applicable waiting periods for the health plan.

- 4.11 The Company will provide the Union with as much notice as practicable, but not less than one day, of the engagement of a new Owner-Operator and provide an opportunity, at a time and place established by the Company, for the purpose of a Union representative (or a designated Owner-Operator) to obtain a Union application from the new Owner-Operator and discuss the Union's role (estimate time: 30 minutes). Wherever appropriate, the Company may require a new Owner-Operator to ride with a senior Owner-Operator as part of this orientation.

Article 5 Grievance Procedure and Arbitration

Note: The current practice pertaining to time limits under the CBA will remain in effect.

- 5.1 A grievance shall consist of a dispute concerning the interpretation and application of any clause in this Agreement, alleged violations of the Agreement, and alleged abuses of discretion by supervision in the treatment of union members contrary to the terms of this Agreement. There shall be an earnest effort on the part of both parties to settle grievances promptly through the following steps:
- 5.2 (a) By a meeting between the aggrieved union member and/or his designate and the Branch Manager and/or his designate. Failing settlement, the grievance may be submitted in writing by the aggrieved member within fifteen (15) calendar days from the date of the alleged violation of the Agreement to the Vice President of Operations (for van division) or the General Manager (for container division).
- (b) The Vice President of Operations or General Manager (as applicable) or their designate shall render a decision in writing within seven (7) days from the date that the grievance was referred to him.
- 5.2 (c) Should the grievor fail to reach a satisfactory settlement, the grievance may be submitted by the Union to an arbitrator who should be selected jointly by the parties hereto. If the parties are unable to agree on the selection of an arbitrator within a period of fifteen (15) days, then either the Union or the Company may make a written request to the appropriate Minister of Labour to appoint an arbitrator. The arbitrator so appointed shall thereupon proceed to arbitrate the grievance or grievances in question.
- 5.3 The arbitrator shall not have the right to alter or change any provisions in their Agreement or substitute any new provisions in this Agreement or give any decision inconsistent with the terms and provisions of the Agreement.
- 5.4 The parties hereto shall each bear their expense of arbitration except that the expense of the arbitrator shall be equally divided.
- 5.5 The Company shall not be responsible for the payment of time used by an Owner-Operator in the investigation and settlement of a

grievance.

- 5.6 In the event the Company has a grievance, they shall notify the principal officer of the Union and a meeting will be arranged as soon as possible to discuss the alleged violation of the Agreement. Should the Union refuse to meet with the Company, the Company may then proceed to arbitration.

Article 6 Strikes, Lockouts and Picket Lines

- 6.1 During the term of this Agreement, there shall be no lockout by the Company or any strike, sit down, work stoppage, work to rule, or suspension of work, either complete or partial, for any reason by the union members.

Article 7 Seniority

- 7.1 The purpose of seniority is to provide a policy governing layoffs and recalls.

- 7.2 In the event of a layoff, the Company shall consider:

- (a) the equipment for the work that has to be performed;
- (b) the seniority of the union member;
- (c) in the event the qualifications of the Owner-Operator's equipment are relatively equal, then the Owner-Operators' seniority shall be the determining factor.

- 7.3 The Union will provide a bulletin board for each terminal in which the seniority list will be posted. The Company will provide the seniority list electronically to the Union office which will be updated and posted on a quarterly basis.

- 7.4 Owner-Operators shall be considered probationary until they have completed ninety (90) work days of contract, at which time they shall be placed on the seniority list, in accordance with dates.

- 7.5 Probationary Owner-Operators will work under the provisions of this Agreement during their probationary period, and they may be discharged or disciplined without recourse to the grievance procedure. Upon completion of the Owner-Operator's probationary period all conditions of the Agreement will then apply, including the health and welfare provisions as provided in the Company's policy documents.

- 7.6 Contract may be terminated for any of the following reasons; subject to the principals of progressive discipline and the reasonable application thereof:

- (a) if an Owner-Operator voluntarily quits:

- (b) if an Owner-Operator is discharged and not reinstated pursuant to the grievance procedure as provided for in the Agreement;
- (c) if an Owner-Operator has been laid off and has refused to return to work within twenty-four (**24**) hours after being contacted personally by the Company. When the Owner-Operator cannot be contacted personally, or is employed elsewhere, then the Company will notify him by registered mail, to his last known address, to return to work. He will then be given a maximum of seven (7) consecutive days from the date of notification to report for duty;
- (d) if an Owner-Operator is absent from work without securing a leave of absence for more than three (3) consecutive working days;
- (e) if an Owner-Operator refuses a work or job assignment and that assignment has not violated this Collective Agreement or any provincial or federal regulations or other rules attached to this Agreement.
- (f) If an Owner Operator or his driver commits any act, or fails to act, in circumstances that is a violation of the law, being unsafe for persons or property or being offensive to the Company's customers, employees or other owner operators.
- (g) If the Owner Operator's accident record is unacceptable to the Company. Such determination and evaluation shall be carried out in a reasonable manner by the Company.
- (h) If the Owner Operator or his driver fails to comply with any of the instructions, policies or procedures of the Company as may be issued from time to time in bulletins, memoranda, notices, manuals or other forms of announcement or directives which shall be reasonable and will have been properly communicated and enforced by the Company.
- (i) If an Owner Operator is discovered to have pulled any load other than one dispatched by Highland Operations, without prior written approval by Highland senior management, he/she is subject to immediate contract termination. A grievance may be processed; however an arbitrator will be limited to determining if the infraction occurred and if so, no substitution of penalty will be permitted.

Article 8 Allocation and Hours of Work

8.1 General principles applicable to all operations, subject to qualifications:

First in - first out within each operation and by terminal point, with reasonable exceptions for, e.g. return of a foreign terminal point Owner-Operator towards his home terminal point at the end of the week; when there is an opportunity to equalize miles and other available Owner-Operators have run reasonable miles in the week; wherein an Owner-

Operator is ill or there is a personal emergency necessitating the dispatch of the Owner Operator towards his home terminal point.

8.2 Owner-Operators wishing transfer to another operation within Highland Transport may apply and will be transferred to open and available positions in accordance with seniority, subject to qualifications for the available position. The request for transfer must be in writing. The transfer will be for a minimum of six (6) months.

8.3 Owner-Operators will not be required to work in violation of the applicable federal or provincial regulations governing hours of work.

Article 9 General Holidays

9.1 Each Owner-Operator will be entitled to ten (10) general holidays per year, provided;

- (a) he has completed his probationary period;
- (b) he is available for work on the day before and the day after the general holiday.

9.2 Payment for each general holiday will be specified in the Owner-Operator's contract.

9.3 The general holidays to be observed are:

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

9.4 When one of the above-outlined general holidays falls on Saturday or Sunday, the day proclaimed will be the day observed.

Article 10 Vacations

10.1 All Owner-Operator's who have completed one (1) year of service will receive two (2) weeks vacation per year, commencing in the year in which their first anniversary date occurs.

10.2 All Owner-Operator's who have completed five (5) years of service will receive three (3) weeks vacation per year, commencing in the year in which their fifth anniversary occurs.

10.3 Payment for vacation purposes will be specified in the Owner-Operator's contract.

Article 11 Health and Welfare

11.1 To be eligible for the Company Health and Welfare Plan, Owner-Operators must have completed three hundred and sixty five (365) work days. The Health and Welfare Plans shall be as stipulated in the Owner-Operator policy and shall include

- (a) Life Insurance
- (b) Hospital and Major Medical Benefit Coverage
- (c) Drug Plan
- (d) Dental Plan
- (e) Weekly Indemnity Sickness/Injury Benefit
- (9) Long Term Disability

11.2 The Owner-Operator has an option to opt out of the plan.

11.3 The Company commits to meet with the Union Vice President, or designate, twice annually to discuss the benefits package and the number of claims and claim costs for each benefit type.

Article 12 Payment for Equipment and Services

12.1 The standard Owner-Operator contract shall be in the form attached to this Agreement as Schedule "B" where necessary. This contract may be amended by the Company provided such amendment is not inconsistent with this Agreement. The Company shall provide the Union with copies of the amended provision.

12.2 The mileage rates for the Owner-Operators as of the date of ratification shall be set out in Schedule "A" attached hereto.

12.3 Owner-Operators will be paid weekly and will be given a completely detailed statement.

12.4 Owner-Operators who are in disagreement with any amendment to their contract may, without penalty or notice, terminate their contract with the Company.

Article 13 Remuneration & Compensation

SEE SCHEDULE "A"

Article 14 Union/Management-Communications

14.1 It is agreed that management/union committees will be established to improve communications. The Union will designate specific Owner-Operators to discuss problems, health and safety issues, and major Company policies or other serious industry issues.

The parties agree that a review of market conditions and marketing strategy will be reviewed periodically at Union / Management meetings.

The committee will consist of representative of each different sector of the Company and each geographical area of the country. The committees will meet at least quarterly.

Article 15 Duration

15.1 If any of the terms of this Agreement are in violation of any federal or provincial law, then to the extent of the violation, this Agreement shall become null and void, and subject to renegotiation.

15.2 This agreement shall remain in full force until December 31, 2008. Either party to this Agreement may within three (3) months immediately preceding the expiration of the Agreement, by notice, require the other party to commence collective bargaining for the purpose of renewing or revising the Agreement or entering into a new Agreement. Within twenty (20) days after notice to bargain has been given the parties shall enter into negotiations.

Date:

Date:

Highland Transport

USW Local 1976

Letter of Understanding#1**Union/Management Committee**

The Company agrees that the Union Management Committee(s) established under the Collective Agreement will deal with major policies, and the Committee will attempt to resolve any outstanding claims arising out of the application of the existing policy.

It is agreed that, as a general rule, while compliance with major policies is required, non-punitive measure are always desirable and the Committee(s) should consider this in discussing any new policy.

Highland Transport

Union Officer

Schedule "A"

(General Freight & Containers)

1.1 All Owner-Operators will be expected to pick-up and deliver their own loads.

1.2 Work & Wait Time – General Freight

A rate of \$15.00 per hour will be paid for authorized additional hours (**i.e. handbomb**) at pick-up (shipper) or at delivery (consignee), and a signature for time spent is obtained on a Delay Time Report. Other waiting time over **two (2)** hours will be paid at rates specified below. This item applies to mileage rates only. If a signature is refused, Dispatch must be advised.

Wait Time effective June 7, 2006	\$15.00/hr
Wait Time effective January 1, 2007	\$15.00/hr
Wait Time effective January 1, 2008	\$20.00/hr

Wait Time – Containers

67 ½% of **validated** waiting time revenue based on:

- single 20' container - 2 hours free time
- **40'** container - 3 hours free time
- 1 set of trains - 4 hours free time

2.0 Licencing

A licencing fee of \$2,600.00 per annum will be charged back at \$50.00 per week.

Credits are available, see 3.2.

2.1 Insurance

NOTE:

Bobtailing

If you are bobtailing to either your residence or addressing issues relating to equipment or work at Highland, you will be covered under the insurance plan.

The insurance rate is currently 8% of your revenue, deducted weekly. This includes all liability, cargo and collision. The insurance rate is reduced 0.5% per year, to a minimum of 2.5%. Reduction below 4% will only be after 8 years of safe driving with Highland Transport. This applies only to new Owner Operator contracts dated after June 7th, 2006. In the event of an accident there is a maximum \$5,000.00 deductible (for each instance), which is the responsibility of the Owner-Operator, and can be deducted through the Operator settlement.

The maximum insurance increase is limited to 0.5% per preventable accident exceeding the deductible.

Where the accident is deemed to be of a non-preventable nature on the part of the Owner-Operator – deductible will not apply. The "Commercial Vehicle

Preventable Accident Manual” (ISBN 0-9633957-0-X) issued by the U.S. Dept. Of Transportation is to be used as the guide to determine preventability. Fleet concept is available for multiple trucks at insurance levels at most senior truck (“Schedule D’).

Pertaining To Accident Review

1. The operator would be notified and have a right to attend and make representation at Initial Accident Review.
2. Should an accident be deemed to be preventable, the operator may appeal the decision and have a right to attend and make representation at a meeting of the Accident Review Committee with a designated Union Representative.

2.2 Hold Back

The Hold Back for an Owner-Operator is \$3,000.00, which is deducted at a rate of \$100.00 per week, until the \$3,000.00 accrues. Interest is paid on the Hold Back after \$2,000.00 accrues.

3.0 Road Plan (now optional)

A road plan is available for Owner-Operators at Highland Transport.

3.1 Benefit Plan

For Owner-Operators that wish to enroll in the benefit plan, Highland pays 100% of the cost. The package includes life insurance, health care benefits, vision care, drugs and dental benefits both for the Owner-Operator and his family. Excess medical care while traveling throughout the U.S. will be covered by this plan. (See “plan” booklet for coverage details). For all new Owner Operator Contracts signed after June 7th, 2006, the eligibility for benefit coverage will be after ■ year of work (365 days).

3.2 Workers Compensation

Any Owner-Operator who obtains his own Workers Compensation coverage and pays the premiums will be given a credit of an amount equal to the licencing fee.

4.0 Fuel

Fuel purchases in Canada and the United States to be capped at 48.0 cents/litre (exclusive of refundable taxes) with the following restrictions:

- restricted areas are Greater Vancouver Urban Transit Area in Canada and the states of New York and Michigan in the U.S.
- Canada to have a minimum of one card lock network (may vary from area to area)
- United States to be minimum of one card lock network. (initially Flying J)
- Networks & restricted area may be revised from time to time with appropriate notification.

- Only Trucks under contract to Highland Transport can participate in this program.
- Fuel will be made available at competitive prices when market price is below 48.0 cents/litre.
- The above fuel cap will be adjusted to 49.0 cents/litre (exclusive of refundable taxes) as of 11:59pm on December 31, 2008.

4.1 Road Tax – Road Tax to be paid by Highland Transport.

5.0 Paint Assist – Not applicable for the term of this agreement.

5.1 Satellite Program:

- Highland to pay for installation with the Operator paying for the mount and wiring harness which becomes his personal property.
- Satellite components remain the property of Highland Transport.
- Costs associated with system upgrades will be paid by Highland.
- Present weekly charge will not be increased during the term of this collective agreement.
- Failure to return the entire system within 10 days of the effective date of termination or resignation will be considered as a lost system and the Company will render the owner operator liable for up to the \$5000.00 replacement cost.

5.2 Safety Inspection

All power units must undergo a **bi-annual** safety inspection in their base plate province. Highland Transport will reimburse the Operator for the cost of **each** safety, exclusive of repairs, to a maximum of \$100.00 upon receipt of a copy of both the invoice and safety.

6.0 Business Overhead Expenses

A business overhead expense plan is available at operator cost through settlement account deduction, in the event of a disabling accident or sickness involving the Owner-Operator. This plan is offered through Truck Stop Insurance.

6.1 Personal Accident/Sickness

Personal accident insurance is also available at Operators cost through settlement account deduction. This plan is offered through Truck Stop Insurance.

6.2 RRSP's

Portable Registered Retirement Savings Plans are available at Operators cost through settlement account deduction. These plans are offered through Truck Stop Insurance.

6.3 Mileage - All pay miles are based on Rand McNally Most Practical Mileage Guide.

6.4 - All tandem axles moves to and from Western Canada will be via the U.S.

6.5 - All Highway tolls and bridge tolls will be reimbursed (Hwy 407 excluded).

6.6 Layovers - \$100.00 after twenty-four (24) hours without a dispatch.

6.7 Border Crossing – Applicable to loaded southbound moves only and Owner Operator must be FAST approved.

Effective:	June 7, 2006	\$10.00
	January 1, 2007	\$10.00
	January 1, 2008	\$15.00

6.8 MPG Bonus:

Effective January 1, 2008

Units that achieve a minimum of 5% improvement in year over year quarterly Fuel Tax MPG will qualify for a 0.5 cent per mile bonus on the total paid miles for the qualifying quarter. Cartage units will qualify for a 25 cent per hour bonus based on the same criteria. Units that exceed the following MPG thresholds will automatically qualify for the incentive:

System MPG = 7.00
 Intra BC MPG = 6.80
 B-Trains MPG = 5.60

Schedule "A"

General Freight Rate Package: (Spare Board)

All Canadian & U.S. Mileage:		Jan 1/06	Jun 7th/06	Jan 1st/07	Jan 1st/08
All movements under 500 miles	Tandem	\$1.215	\$1.225	\$1.245	\$1.270
	Triaxle/Tridem	\$1.245	\$1.255	\$1.275	\$1.300
All movements 500 miles but under 1,000 miles.	Tandem	\$1.195	\$1.205	\$1.225	\$1.250
	Triaxle/Tridem	\$1.225	\$1.235	\$1.255	\$1.280
All movements 1,000 miles but under 1,500 miles.	Tandem	\$1.145	\$1.155	\$1.175	\$1.200
	Triaxle/Tridem	\$1.175	\$1.185	\$1.205	\$1.230
All movements over 1,500 miles.	Tandem	\$1.105	\$1.115	\$1.135	\$1.160
	Triaxle/Tridem	\$1.135	\$1.145	\$1.165	\$1.190
Intra B.C	Tandem	\$1.215	\$1.225	\$1.245	\$1.270
	Triaxle/Tridem *	\$1.275	\$1.285	\$1.305	\$1.330

*

Tridem movements Creston and Cranbrook via Hwy #3 to be paid via Golden, British Columbia

All other equipment and movements as per General Schedule.

Contract Runs:

- Canpar Winnipeg (one way – team service)	\$1.165	\$1.175	\$1.195	\$1.220
- Quebec / Ontario to Saskatchewan / Alberta / British Columbia – team service.	\$1.135	\$1.145	\$1.165	\$1.190

Empty Rates:

\$0.975	\$0.985	\$1.005	\$1.030
---------	---------	---------	---------

* Two (2) hours loading and two (2) hours unloading included in all mileage rates.

* Triaxle / Tridem is defined as a load exceeding 50,000 lbs. as of July 1, 2000.

For mileage rates only:

Additional drops:	\$40.00	\$40.00	\$40.00	\$40.00
Canpar	\$25.00	\$25.00	\$25.00	\$25.00
General Motors	\$25.00	\$25.00	\$25.00	\$25.00

Cartage Work Per hour

Ontario	\$32.45	\$33.20	\$33.60	\$34.00
Quebec	\$32.95	\$33.70	\$34.10	\$34.50
British Columbia	\$38.45	\$39.20	\$39.60	\$40.00

Schedule "A"

Dedicated Runs		Jan 1/06	Jun 7th/06	Jan 1st/07	Jan 1st/08
Minimum posted rates:	Under 500 miles	\$1.170	\$1.180	\$1.200	\$1.225
	Over 500 miles	\$1.120	\$1.130	\$1.150	\$1.175
Triaxle / Tridem	Under 500 miles	\$1.200	\$1.210	\$1.230	\$1.255
	Over 500 miles	\$1.150	\$1.160	\$1.180	\$1.205
Empty Moves		\$0.970	\$0.98	\$1.00	\$1.025

Posting/Selection Criteria:

- A dedicated run is defined as a posted round trip with priority repositioning within a regular cycle that has a consistent origin or destination operated in a manner similar to other dedicated runs (i.e. Purolator/Canpar).
- Dedicated runs will be posted on satellite and bid on a formal basis and awarded based on qualifications. When more than one Owner Operator meets the qualification, the determining factor will be seniority.
- Qualifications will be based on:
 - o Equipment age & specifications
 - o Accident & Safety record
 - o Compliance history
 - o Domicile location of the Operator
 - o Be acceptable to both Shipper and Consignee
 - o Medically qualified
 - o Security clearance
 - o Professional appearance
 - o Acceptable past performance and reliability
 - o Additional qualifications may be listed on bid posting
- Operator must remain on the run for six month minimum. Thirty day notice is required from the Operator to come off a bid run at which time the Truck reverts to general dispatch.
- Each Dedicated run is separate and distinct and if there is a reduction in the number of Operators required for a particular dedicated run, the seniority principle to apply to each will be first in/last out
- Bumping cannot occur on dedicated runs.

Operator Rate Package – Containers

Under 300 miles pays 67.5% of revenue

		Jan 1/06	Jun 7 th /06	Jan 1/07	Jan 1/08
40' container	Loaded	\$1.195	\$1.205	\$1.225	\$1.250
	Mty	\$1.075	\$1.085	\$1.105	\$1.130
2 x 20' on 40' chassis	Loaded	\$1.245	\$1.255	\$1.275	\$1.300
	Mty	\$1.075	\$1.085	\$1.105	\$1.130
2 x 20' trains	Loaded	\$1.325	\$1.335	\$1.355	\$1.380
	Mty	\$1.125	\$1.135	\$1.155	\$1.180
Rocky Mountain Doubles	Loaded	\$1.405	\$1.415	\$1.435	\$1.460
	Mty	\$1.125	\$1.135	\$1.155	\$1.180
Montreal– Northeast(***)	Loaded	\$1.195	\$1.205	\$1.225	\$1.250
	Mty	\$1.075	\$1.085	\$1.105	\$1.130
Toronto – Northeast(***)	Loaded	\$1.195	\$1.205	\$1.225	\$1.250
	Mty	\$1.075	\$1.085	\$1.105	\$1.130

Authorized Bare frame + Bob Tail
 (Linehaul only)

\$25.00 each

- All Additional Drops & Pickups

\$25.00

- Hunt Refrigeration Stop-off:

\$67.50 (flat rate)

- Container stuffing/de-stuffing:
 (en-route consolidation of freight)

- Named account runs as per Individual posting.

(***) We will pay \$25.00 for all customer pick-up and delivery only.

* Loading and unloading included in all rates (see Schedule A item 1.2)

Operator Rate Package – Containers

Cartage (Quebec)

1 x 20': \$45.00 per drop & \$45.00 per pick-up

2 x 20': \$80.00 per drop & \$80.00 per pick-up

1 x 40': \$45.00 per drop & \$45.00 per pick-up

Cartage (Ontario)	Jan1/06	Jun 7th/06	Jan 1st/07	Jan 1st/08
	\$32.45	\$33.20	\$33.60	\$34.00

LCBO Containers

LCBO traffic destined Whitby, Ontario is compensated on a per container basis:

Off Pier #52 - \$80.00 per single container (each way)
- \$110.00 per train

Off Obico (For Canada Maritime only) - \$85.00 per single container (each way)
- \$130 per train

In-Conjunction Moves: (International movements)

(When there are two revenue moves and one of the movements is under 300 miles)

- The Company agrees that when an Operator is dispatched on an In-conjunction move (load & go), the Operator will be paid 50% of the 67.5% of revenue and mileage from the origin of the EXPORT load.
- When the Operator moves an import and export load, the Operator will be paid 67.5% of the revenue from the higher of the import load revenue and mileage from the origin of the export load. In addition a further \$45.00 will be paid to the Operator.

Highland Transport
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)
Owner-Operator Agreement

Schedule "B"

This contract for services made, in duplicate, this _____ day of _____ A.D., _____

Between:

Highland Transport, (6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)
 hereinafter call the "Company" of the first part

- and -

Hereinafter called the "Contractor" of the second part

The Company is the holder of the necessary licences under the Truck Transport Act (Ontario), the Motor Vehicle Transport Act 1987 (Canada) and the "U.S. DOT to engage in the transport of goods as a common carrier.

The Contractor is desirous of offering his services to the Company as an independent Owner-Operator providing a vehicle or vehicles described in Schedule "C" and Drivers to enable the Company to carry on the aforesaid business.

To this end, the parties agree to affect a transfer of the registration of the vehicles described in Schedule "C" for licencing purposes only. The Contractor retains beneficial ownership.

In consideration of the sum of \$1.00 receipt whereof the Contractor hereby acknowledges and the mutual covenants and conditions hereinafter contained the parties hereto agree as follows:

Motor Vehicle Equipment

- 1.01 The vehicle described in Schedule "C" and/or any additional or replacement vehicles are provided for the exclusive use of the Company and subject to the Company's approval.
- 1.02 The Contractor agrees, at his expense, to paint and keep painted said vehicular equipment in accordance with the specifications of the Company.
- 1.03 The Contractor agrees, at his expense, to affix and keep affixed thereon any identification and insignia as specified by the Company.

Schedule "B"

Article 1.04 Motor Vehicle Equipment

- 1.04 The Contractor agrees, at his expense, to remove the aforesaid identification and insignia upon:
- i) replacement of the vehicle;
 - ii) expiry of this agreement;
 - iii) termination of this agreement.
- 1.05 The Company agrees to retransfer the registration of the vehicle upon;
- i) replacement of the vehicle;
 - ii) expiry of this agreement;
 - iii) termination of this agreement.

Use, Loading, Unloading, etc.

- 2.01 Whereas the Contractor agrees to do the commissioned job and is responsible for its satisfactory completion including all such acts as are incidental to the use of the vehicle including pick-up, deliver, loading, unloading, tarping and chaining, the Contractor agrees to pay for damages or **loss** of income sustained by the Company for failure to complete the work satisfactorily.

Driving and Operation of Motor Vehicle

- 3.01 The Contractor is obliged at his expense to provide competent qualified licensed drivers in each case subject to the approval of the Company.
- 3.02 Wherein the Contractor offers personal service, the Contractor is obliged at his expense to provide both additional alternate drivers who are competent, qualified and licenced, in each case subject to the approval of the Company.
- 3.03 The Contractor agrees that neither he nor his employees shall perform any duties in pursuance of the provisions of this agreement while partaking in or while under the influence of alcohol or drugs.

Maintenance

- 4.01 The Contractor agrees, at his expense, to maintain and keep in good mechanical condition said vehicular equipment; to keep same washed and clean; to carry thereon all safety equipment and accessories required by law.

Operating Expenses

- 5.01 The Contractor agrees to assume and pay all direct and indirect costs and expenses incidental to the operation of said vehicular equipment hereunder including but without limiting the generality of the foregoing: wages, Canada Pension Plan, unemployment insurance, all taxes, rates, assessments imposed by Government with respect to the ownership maintenance and use of the vehicle, registration plates, oil, fuel, fuel taxes, tires, repairs, fines, operating and licencing fees and permits.

- 5.02 The Contractor agrees to assume and pay all direct and indirect costs and expenses incidental to the operation of the Contractors Business including but without limiting the generality of the foregoing; collection and payment of GST, financing, purchases, leases, rents, materials, tools, equipment, bookkeeping and accounting.
- 5.03 Whereas the Contractor undertakes business decisions that will affect his profit or **loss** the Contractor is not obligated to purchase or rent, any products, equipment, or services, from the Company as a condition of entering into this agreement.

Assumption of Liability and Insurance

- 6.01 The Company agrees to maintain insurance for the protection of the public in accordance with 49 C.F.R.#1043 and 49 U.S.C.#10927. However, the Contractor hereby agrees that it will indemnify and save the Company harmless through deduction of payment, for any and all claims, suits, losses, fines, thefts, damages, liabilities, costs or other expenses arising out of, based upon, or incurred because of injury to any person or persons or damage to property sustained or which may be alleged to have been sustained as a result of the use of the equipment leased hereby during the term of the agreement by reason of any negligence or alleged negligence on the part of the Contractor; its agents, servants, or employees. The Contractor further agrees to furnish the Company a certificate of insurance naming the Company as additional insured. The Contractor agrees to obtain at his own expense bobtail and deadhead insurance. Insofar as damage to property is concerned, the Company shall furnish to the Contractor written explanation and itemization of the deductions computed before such deductions are made. Nothing contained in this Paragraph 6.01 shall be construed to in any way limit the liability to the Company to the public in connection with the use of said equipment under this agreement.
- 6.02 The Contractor agrees that the Company shall purchase appropriate insurance coverage on behalf of the Contractor. A premium will be deducted from the Operator's pay at a rate established by the Company and set down in Schedule "A". The Operator understands that such insurance coverage will automatically lapse upon the transfer of the registration of the vehicular equipment described in Schedule "C" from the Company to the Contractor and upon cancellation of this Agreement by either the Contractor or the Company.
- 6.03 The Contractor retains the status of an independent operator and further agrees to be responsible for providing and maintaining Workers Compensation coverage for all drivers, employees and agents furnished to the Company.
- 6.04 Wherein the Contractor offers personal service, the Contractor agrees to be responsible for and to provide and maintain Workers Compensation coverage.

Responsibilities

- 7.01 The Contractor agrees not to transport goods or cargo by said vehicle equipment save in compliance with a bill of lading/written contract between the Company and the shipper of the goods or cargo.
- 7.02 The Contractor agrees to turn in a properly endorsed bill of lading for every load transported. Such bill of lading will serve as the Contractor's invoice.
- 7.03 The Contractor agrees to ensure that all customs procedures are followed on international shipments, and in particular that each international shipment has cleared customs prior to deliver.
- 7.04 It is also the responsibility of the Contractor that before effecting delivery of shipments moving on a COLLECT, C.O.D. or ORDER BILL OF LADING basis, that clearance for customer credit must be received from the Company. Contractor's failing to adhere to this are liable for the transportation charges for the shipment, in addition to the value of the cargo.

Compliance

- 8.01 Whereas the Contractor controls hours, days of work, and scheduling of vehicular maintenance, it is agreed hereunder that the Contractor will fully comply with all applicable laws, regulations, and orders promulgated under any competent regulatory body, including NATIONAL SAFETY CODE and FEDERAL BUREAU OF MOTOR CARRIER SAFETY REGULATIONS. The Contractor agrees that the Company may reduce the Contractor's compensation by an amount necessary to reimburse the Company for any and all expenses incurred as a result of any infractions of such laws and regulation, or terminate this agreement forthwith, or both.

Equipment Furnished by the Company

- 9.01 The Company agrees to furnish and maintain chassis and semi trailers for use by the Contractor with the vehicular equipment described herein. The Contractor agrees to reimburse the Company for chassis or trailer equipment damaged, lost, or destroyed as a consequence of the Contractor's negligence or that of his employees and agents to the extent not covered by insurance.

Collections

- 10.01 The Contractor agrees, when required, to collect all charges owed by shippers or consignees and to remit same to the Company forthwith, in accordance with instructions from the Company.
- 10.02 The Contractor agrees that no part of such collections are or ever shall become the property of the Contractor.

Term and Cancellation

- 11.01 This Agreement shall be in full force and effect for a period of (1) month from the date hereof, and shall continue thereafter from month to month until terminated by either party on seven (7) days written notice, except under strike conditions wherein the Company reserves the right to cancel this Agreement at any time without reference to the seven (7) days written notice.
- 11.02 In the event of such termination, the Contractor will forthwith return to the Company all Company property.
- 11.03 Final settlement of accounts between the Contractor and the Company shall be effected within forty-five (45) days after the return of Company property.
TERMINATION OF THIS AGREEMENT AUTOMATICALLY TERMINATES ALL INSURANCE COVERAGE.
- 11.04 Any breach by the Contractor of any of the terms or conditions of the Agreement shall be deemed a material breach of this Agreement and shall entitle the Company at its option to cancel the Agreement forthwith. Any condonement, exercising or overlooking by the Company of any default, breach or non-observance by the Contractor at any time of any condition herein contained shall not operate as a waiver or so as to defeat or affect the Company's rights hereunder in respect of any subsequent default, breach or non-observance.

Assignment

- 12.01 The Contractor shall not assign, transfer or dispose of this Agreement or of the rights and privileges conferred thereby.

Amendment

- 13.01 The Company and the Contractor agrees that "Contractors Compensation" Schedule "A" and "Schedule of Equipment" Schedule "C" may be amended from time to time upon endorsement by both the Contractor and the Company.

Market Mobility

- 14.01 The Company and the Contractor agree that the Contractor has the discretion to enter into Agreement of any duration with other carriers to transport goods and maximize profits provided vehicular equipment described in Schedule "C" and/or Company equipment are not utilized in the performance of such Agreements.
- 14.02 It is the intent of the parties hereto that the Contractor is an independent operator only, and neither the Contractor nor his employees and agents are employees of the Company.

("The parties hereto acknowledge having specifically requested that this agreement be drawn up in the English language only. Les parties aux presentes reconnaissent specifiquement et exige que ce contrat soit redige en langue Anglaise uniquement.")

IN WITNESS WHEREOF, the parties have caused this Agreement to be

executed this _____ day of _____, _____.

Contractor:

Highland Transport:
(6291856 CANADA INC. AND
TRANSPORT TFI 3, S.E.C.)

Witness:

Highland Transport
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)
Owner-Operator Agreement

Schedule "C"

Equipment Identification

The Contractor hereby tenders for contact and the Company hereby accepts the equipment identified as follows:

	Equipment	Unit	Make	Serial
2.				
3.				
4.				
5.				

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of _____ ,

Contractor:
Highland Transport: _____
 (6291856 CANADA INC. AND
 TRANSPORT TFI 3, S.E.C.) _____

Witness: _____

Highland Transport
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)
Owner-Operator Agreement

Schedule "D"

Contractor-Fleet Concept

Purpose: To establish mutually acceptable guidelines between Highland Transport and Independent Contractors who wish to place more than one unit in the service of Highland Transport.

Contract: **Separate contracts** between the Contractor and Company are **required** for each unit the Contractor places in the service of Highland Transport.

Seniority: Seniority will be as per the date of the contract for each unit.

Settlement Account: Contractor's settlement will be for **each individual truck** deposited to one bank account.

Hold Back: The Contractor's hold back will be the same as the Agreement for the original unit.

Group Insurance: Contractors will be covered if they drive on a full-time basis. Drivers will be covered if they drive on a full-time basis. **(One policy coverage per Truck)**

Insurance: Policy period will be for an ongoing renewable twelve (12) month period commencing the date the concept is implemented.

The Contractor will be invoiced, on a fleet basis, a premium rate equal to the current percentage rate charged to his lowest unit provided his units are accident free for the past twelve (12) months.

If any unit in the Contractor's fleet is involved in a preventable accident, his fleet insurance premium rate will be immediately increased by 1% for the twelve (12) month period. His renewal period will commence at the increased rate.

If the Contractor's fleet is preventable accident free for the twelve **(12)** month policy period, his fleet insurance premium rate will be reduced by 0.5%. His renewal period will commence at the decreased rate.

Worker' Compensation: The Contractor will provide the Company with a certificate of clearance, and/or proof of payment of an account in good standing with the Worker's Compensation Board.

Endorsement: Endorsement of the attached by both Carrier and Contractor will form Schedule "D" of the Contractor's Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be

executed this _____ day of _____, _____.

Contractor:
Highland Transport:
(6291856 CANADA INC. AND
TRANSPORT TFI 3, S.E.C.)

Witness:

Schedule "D"
Contractor-Fleet Concept

Insurance

The Contractor agrees that insurance covering all liability, cargo and collision will be provided through the Company fleet policy and charged back to the Contractor on a weekly basis at a rate of 8% of the Contractor's gross revenue.

For each twelve (12) month period that the Contract is accident/incident free, the Contractor's insurance rate will be reduced by 0.5% to a minimum rate of 2.5%.

The rate reduction will be applied in accordance with the Contractor's anniversary date. In the event of an accident/incident, the rate reduction date will change to the accident/incident date.

For each preventable accident/incident resulting in costs in excess of the deductible, the Contractor's insurance rate will be increased by 1%, to a maximum of 8%.

The foregoing will apply on a fleet basis to any Contractor with more than one unit. Rate increases and reductions will also apply on a fleet basis.

The Contractor further agrees that any individual claim incident will be subject to a five thousand (\$5000.00) dollar deductible.

Wherein an accident is deemed to be of a non-preventable nature on the part of the Contractor, the deductible will not apply. Preventability will be determined as per Schedule "A" section 2.1.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of _____, _____.

Contractor:
Highland Transport:
(6291856 CANADA INC. AND
TRANSPORT TFI 3, S.E.C.)

Witness :

Highland Transport
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)

Contractor's Hold Back Schedule

The Contractor authorizes a hold back of one hundred (\$100.00) dollars per week to be deposited under the Contractor's name in the Company's account until **three thousand (\$3000.00)** dollars is accrued. This account will bear interest after **two thousand (\$2000.00)** dollars has accrued. The three thousand **(\$3000.00)** dollars held in the Company's account is a security deposit against any bad debt which may be incurred by the Contractor or any cost deemed by the Company to be the responsibility of the Operator and will be released with an Operator's final settlement payment, after forty-five (45) days from termination of the Contract.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed this _____ day of _____, _____.

Contractor:

Highland Transport:

(6291856 CANADA INC. AND
TRANSPORT TFI 3, S.E.C.)

Witness:

Highland Transport
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)

Equipment Lease Agreement

The Equipment Lease Agreement is amended by the addition to such lease of the following provision, which is incorporated in such lease agreement and made a part of it.

Carriers Accessory Equipment: The Carrier shall install such accessory equipment on the Equipment as it deems necessary or desirable. Accessory equipment includes, without limitation, satellite tracking equipment. Such accessory equipment shall at all times remain the property of the Carrier and the Carrier may remove such accessory equipment at any time without the consent or concurrence of the Owner. The Owner shall maintain and operate the accessory equipment as directed by the Carrier. At the termination of this lease, such accessory equipment shall be removed from the Equipment and returned to the Carrier or the Carrier may enter any place where the Equipment is located and remove the accessory equipment without being liable for any damages it may cause, save for any costs to repair damages to the Equipment directly caused by its negligence the charge for such accessory equipment shall be deducted from the compensation payable by the Carrier to the Owner.
 Cancom Satlink System.

External Unit # _____

Display Unit # _____

Internal Unit # _____

Contractor: _____
Highland Transport: _____
 (6291856 CANADA INC. AND
 TRANSPORT TFI 3, S.E.C.) _____

Witness : _____

Highland Transport
(6291856 CANADA INC. AND TRANSPORT TFI 3, S.E.C.)

Master Lease Agreement
(49 C.F.R. Part 1057)

From: _____ **To:** _____
(Date) (Date)

This agreement is between: (Lessee)
Highland Transport (6291856 CANADA INC. AND TRANSPORT
TFI 3, S.E.C.)
MC# 267992

Address: **2815 – 14th Ave. Markham, Ontario Canada L3R 0H9**
Phone: **(416) 494-2016**

Hereinafter called the LESSEE, a carrier engaged in the business of transporting property by motor vehicle, **AND**

(Owner/Lessor's Name) Soc. Ins./Fed. ID#

Address City Province Postal Code

Phone: Cell Phone: _____

Hereinafter called the LESSOR, being the owner of or Lessee with right of release to Lessee herein, the equipment identified below:

EQUIPMENT IDENTIFICATION

NY HUT# _____ OH HUT# _____

Equipment (Tractor/Trailer) Make _____ Year _____ Model _____

Serial Number _____

Unit# _____ Licence# _____ State _____ Year _____

Master Lease Agreement Compensation Agreement

Compensation Agreement:

For and in consideration of the sum of \$_____ or _____% of gross revenue, or \$_____ (cents/cwt; cents/loaded mile), it is hereby agreed that the Lessor shall lease the vehicles identified below to lessee for use in loading and transporting such property as Lessee may require for the time period specified and under the terms and conditions set forth below and on the reverse side hereof which are made a part hereof the same as if written below. Payment of said compensation is due and payable to Lessor within 15 days after submission of necessary delivery documents, Lessee identification devise and other paperwork concerning trip in the service of Lessee. Such delivery documents and paperwork shall consist of log books required by the DOT and those documents, listed as follows, necessary for the authorized carrier to secure payment from the shipper:

The Operator shall be responsible for loading & unloading the property onto and from the motor vehicle. The compensation, if any, to be paid for this service is contained Schedule "A". In addition, the Lessee agrees to pay Lessor _____ % of all detention and accessorial service charges. (see Schedule "A").

REMINDER TO LESSEE. Motor carriers are required to use drivers who are qualified under the safety regulations at 49 CFR/Sec.391.63 and 391.65. Also, Section 395.8(j)(2) requires a motor carrier who uses a driver intermittently to obtain from that driver a signed statement giving the total time on duty during the immediately preceding 7 days and the time at which the driver was last relieved from duty prior to beginning work for the motor carrier.

Special Instructions:

In Witness Whereof, the parties hereto have executed this agreement at

City

State

Dated

Signature of Lessor _____

Signature of Lessee _____

Master Lease Agreement Agreement Terms & Conditions

Agreement Terms & Conditions:

WHEREAS, LESSEE is a Motor Carrier engaged in the transportation of property in interstate commerce and whereas Lessor is the owner of the motor vehicle equipment as described in the reverse side or is a Lessee thereof with right of release to Lessee herein and desires to lease and hire said motor vehicle equipment to Lessee for the purpose of transporting freight thereon over the routes of Lessee in accordance with the Terms and Conditions of this Agreement. Now, therefore, in consideration of the mutual covenants and agreements herein contained, the parties do hereby agree as follows:

1. Lessor does hereby lease to Lessee the motor vehicle equipment **as** described on reverse side hereof.
2. It is understood that exclusive possession, control, use and responsibility for the operation of the equipment (including full responsibility to the public, the shippers, and all regulatory agencies having jurisdiction) shall be that of the Lessee from the time the Lessee takes possession of the equipment. The Lessee shall issue the Lessor at the time a receipt specifically identifying the equipment to be leased and the date and time of day possession is transferred. The Lessee's exclusive possession, control, use and responsibility for the operation of the equipment shall last until:
 - a) possession of the equipment is surrendered to the Lessor and the Lessor issues a receipt to the Lessee specifically identifying the equipment, date and time of day possession was returned to it; or
 - b) until possession of the equipment is returned to the Lessor or given to another carrier in an interchange of equipment where such is contemplated. Such receipts may be signed by the Lessor and Lessee or their authorized representatives and a copy thereof shall be carried in the equipment while the equipment is in the possession of the Lessee.
3. Lessee hereby agrees to pay Lessor compensation for the use of said motor vehicle and the transportation service performed as outlined on the reverse side hereof.
4. Lessee agrees to provide the Lessor whose compensation is based on a percentage of gross revenue, before or at the time of settlement, a copy of the rated freight bill, computer generated document, or in the case of a contract carrier another form of documentation that contains the same information. Furthermore, the Lessor has the right to examine the Lessee's tariff, regardless of the method of compensation.

Master Lease Agreement Agreement Terms & Conditions

5. Lessor agrees that he will at all times, during the existence of this agreement, keep said motor vehicle in good condition and repair. In addition, the Lessor agrees to pay for all fuel, fuel and mileage taxes (including Ohio and new York mileage (taxes), empty mileage, permits of all types, tolls, ferries, and base plates and licences (unused portions to remain with the Lessor). If the Lessee is authorized to receive a refund or a credit for base plates purchased by the Lessor from and issued in the name of, the Lessee or if the base plates are authorized to be sold by the Lessee to another Lessor, the Lessee shall refund to the initial Lessor on whose behalf the base plate was first obtained a prorated share of the amount received.
6. Lessee further agrees that having assumed exclusive possession, control, use and responsibility for the operation of the equipment during the period of the lease, Lessee will comply with all laws, rules and regulations of the Interstate Commerce Commission, Department of Transportation or any other authority or administrative agency having jurisdiction over the operations of motor vehicle, individual state or Federal. Lessee agrees to maintain this lease on the equipment at all times during the lease term, or alternatively, maintain on the equipment the requisite identification statement called for by 49 C.F.R. 1057.11 (c)(2).
7. Lessor agrees that it will indemnify Lessee through deduction or payment for any and all pilferage, spoilage, shortage, **loss** or damage to cargo, or for fines resulting from violation of any applicable Federal, state or municipal law or regulations which occur as a result of the negligence or alleged negligence of Lessor, its agents, servants or employees, provided that Lessee furnishes to Lessor, before any such deductions are made, a written explanation and itemization of the deductions computed. Except when the violation results from the acts or omissions of the Lessor, the Lessee shall assume the risks and costs of fines for overweight and oversize trailers when the trailers are pre-loaded, otherwise outside of the Lessor's control and for improperly permitted over dimension and overweight loads and shall reimburse the Lessor for any fine paid **by** the Lessor.
8. Lessee agrees to provide all identification of equipment required by all government agencies. Lessor agrees to display on both side of each leased vehicle operated under its own power, either alone or in combination, all such identification according to standards set by the government agencies and the Lessee. Those standards include, but are not necessarily limited to, the display of the name of Lessee under whose authority the vehicle(s) is being operated and the certificate, permit or docket number assigned to such operating authority

**Master Lease Agreement
Agreement Terms & Conditions**

by the Interstate Commerce Commission, or any other number, name or identifying device required by any other government agency. Such display of name and number shall be in letters and figures in sharp contrast to the background and shall be readily legible during daylight motion. Such display shall be kept in such manner as to remain so legible. The display may be accomplished through use of a moveable device.

9. Lessee further agrees that this lease shall terminate at destination stated, that Lessee will remove all signs, indications, or other evidence of name and certificate numbers belonging to Lessee before surrendering possession of equipment to Lessor. Lessor, however, agrees to assist the Lessee by removing for him all such identification and returning the same to the Lessee, or to obliterate fully and immediately all such identification upon termination of this Agreement. In case of lost or stolen identification devices, a letter certifying its removal will suffice.
10. Lessee agrees to maintain insurance for the protection of the public in accordance with 49 C.F.R. 1043 and 49 U.S.C. 10927. However, Lessor hereby agrees that it will indemnify and save the Lessee harmless, through deduction or payment, for any and all claims, suits, losses, fines, thefts, damages, liabilities, costs, or other expenses arising out of, based upon, or incurred because of injury to any person or persons or damage to property sustained or which may be alleged to have been sustained as a result of the use of the equipment leased hereby during the term of the lease by reason of any negligence or alleged negligence on the part of the Lessor, its agents, servants, or employees. Lessor further agrees to furnish Lessee a certificate of insurance naming Lessee as additional insured. Lessor agrees to obtain at his own expense bobtail and deadhead insurance. Insofar as damage to property is concerned, Lessee shall furnish to Lessor a written explanation and itemization of the deductions computed before such deductions are made. Nothing contained in the Paragraph 10 shall be construed to in any wise limit the liability of the Lessee to the public in connection with the use of said equipment under this lease.
11. Lessee agrees that the Lessor is not required to purchase or rent any product, equipment or services from the Lessee as condition of this agreement.
12. Lessor retains the status of an independent contractor to the Lessee named, and Lessor further agrees to be responsible for and provide Workers Compensation coverage for all drivers furnished to Lessee.

Lessor / Contractor: _____

39
/