

LABOUR AGREEMENT

Between

TERRACE BAY PULP INC.

(Hereinafter referred to as the “Company”)

and

UNITED STEELWORKERS, LOCAL 665

(Hereinafter referred to as the “Union”)

Effective August 29, 2006

01228 (09)

**TERMS OF
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Between

TERRACE BAY PULP INC.

(Hereinafter referred to as the “Company”)

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UNITED STEELWORKERS, LOCAL 665

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LABOUR AGREEMENT

by and between

TERRACE BAY PULP INC.

(Hereinafter referred to as the “Company”)

and

UNITED STEELWORKERS, LOCAL 665

(Hereinafter referred to as the “Union”)

1. PURPOSE OF AGREEMENT

01. The general purpose of this Agreement is to recognize that it is in the mutual interest of the Company and the employees to provide for the operation of the plant of the Company under methods which will further, to the fullest extent possible, the safety of the employees, economy of operation, quality and quantity of output, cleanliness of plant and protection of property.
02. It is the further purpose of this Agreement to establish a relationship between the management of the Company and its employees that will contribute toward the maintenance of industrial peace and the promotion of a friendly community spirit. It is recognized by this Agreement to be the duty of the Company, its employees and the Union to cooperate fully, individually and collectively, for the advancement of said conditions.
03. Both Union and salaried employees at the Terrace Bay mill are committed to achieve the changes required in a spirit of cooperation and trust. We are committed to creating a work environment which promotes teamwork and encourages individual participation and initiative, and achieves our goals. Inefficient and outdated practices, work rules, management procedures, and other traditional ways in which work is assigned and performed must be addressed and alternatives introduced to meet the challenges of competition in the marketplace.

We recognize that it is in the mutual interest of the Company and its employees to provide for the efficient operation of the plant and meet the employee needs and business expectations. We also recognize the traditional ways in which work was assigned and performed in the past must change to meet the ongoing challenges presented in our industry.

Our business objective is to manufacture quality pulp which satisfies the needs and expectations of our customers as they perceive them and to do this better than our competition. Our customers include those who buy and use our product, and also the Corporation and its employees, the business sectors we serve, and the communities within which we operate. Ultimately, customer and employee satisfaction determines our success and provides job security.

This will be achieved by present and new methods which safely and effectively achieve ongoing and continuous improvement in mill operations, the quality and quantity of production, the elimination of waste and the cleanliness and housekeeping of the mill. This can best be accomplished in an atmosphere of cooperation, trust and respect, recognizing and utilizing the individual expertise and knowledge of all employees.

We are committed to creating a plant environment where all people:

- create a high quality of work life within a safe environment;
- have high achievement motives, strong work ethics, good organizational, technical and communication skills;
- have a true sense of honour and integrity with respect for the organization and its members;
- support working together and employee involvement;
- are properly trained and informed to help them achieve their full potential;
- are consistent, truthful and accept responsibility for their actions;
- are willing to listen and treat each other with respect;
- are creative and utilize problem-solving techniques;
- engage in continuous improvement in all aspects of our business.

Operating crews and tradesmen will take responsibility and ownership of their respective areas. They will be expected to safely perform tasks that make common sense within their recognized skill levels to increase employee effectiveness.

It is the duty of the Company and the employees to cooperate fully, individually and collectively in the attempt to share values and ideals in the process of working together toward the mutual goal to stay competitive.

The Company and the Unions will seek to manage and resolve any issues in a timely and equitable way, while making changes in a systematic and participative manner.

We are partners and share the responsibility for the success of Terrace Bay Pulp Inc. today and for the future. By continuously operating according to this philosophy, we will fulfill our mission.

2. TERMS OF AGREEMENT

01. This Agreement shall be in effect from August 29, 2006 to and including the 31st day of August, 2011 and shall continue in force unless canceled, or amended by either party

giving at least sixty (60) days notice in writing prior to August 31, 2011, or sixty (60) days prior to August 31 of any year thereafter.

02. This Agreement remains in effect until a new Agreement has been negotiated and signed, but when the new Agreement has been signed, this Agreement becomes null and void.
03. There shall be no suspension or stoppages of work upon the termination of this Agreement or failure of renewal, except with the approval of the International Executive Board of the signatory Union, as provided for in their Constitution and Bylaws.

3. RECOGNITION

01. In order to accomplish the purpose of this Agreement, the Company recognizes the United Steelworkers, Local 665, as the sole bargaining agency representing the employees at the Terrace Bay Mill and related facilities who are eligible for Union membership for the purpose of collective bargaining. All employees working on operation, maintenance (excepting superintendents, foremen, professional, clerical, security guards and employees who are members of the International Brotherhood of Electrical Workers Union, Local 1861), are eligible for Union membership in the above Union.
02. The Company recognizes the successorship rights of the Union as provided for in Section 69 of the Labour Relations Act, 1995, and agrees that should legislation come into effect during the term of this agreement that would eliminate these rights, then the terms and conditions of Section 69 of the Labour Relations Act, 1995, will apply.

4. MEMBERSHIP

01. All employees eligible for membership in the signatory Union shall, as a condition of employment, maintain membership in good standing by payment of regular dues and assessments in the signatory Union to which they are eligible to belong.
02. New employees being eligible for membership in the Union signatory to this Agreement shall join such Union immediately after thirty (30) days employment. The Human Resources Department will notify the Secretary of the Local within fifteen (15) days of the hiring of new employees. The Company, when hiring new employees, shall give preference to members of the signatory Union when competent and desirable members, in the judgment of management, are available.
03. Construction employees or workmen under contract to do a construction job need not become members of the Union. Construction to include all new buildings or installation of equipment.
04. An employee who is temporarily laid off is still a member in good standing of this local and he is still bound by the bylaws and constitution of United Steelworkers, Local 665.

Therefore, any agreement to have Union dues and assessments deducted from his pay is still binding.

05. Wherever the masculine pronoun is used in this Agreement it shall also apply to the female gender.
06. The Company and Union agree to maintain an Employee Orientation Program.

5. PROBATIONARY PERIOD

01. It is mutually understood that new employees will serve a probationary period of sixty (60) calendar days beginning with the date of hire, during which time the Union will act on the employee's behalf on all matters except the employee's acceptability as a permanent employee. If the employee satisfies this probationary period, the employee's seniority will be retroactive to his date of hire.
02. No employee shall be subject to a further probationary period on rehire provided he has not been out of the workplace in excess of one (1) year and has served a full probationary period during a previous term of employment.

6. PROMOTIONS

01. When promoting help among equally efficient employees from one job to another in the normal line of progression, the older in point of service on the job shall be given the preference. If seniority is equal, then preference will be given to the employee having the longest service in the progression line.
02. An employee who accepts a seniority promotion in a line of progression for relief work and returns to his former occupation when the relief work is concluded, shall have seniority rights for future promotion to the higher rated job over any employee who refuses the seniority promotion. This may be waived by mutual agreement in writing by those employees affected and when approved by department supervision.
03. In promotions, where there is not a definite line of progression, preference shall be given to the efficient and qualified employee with the longest service in the department. When selection is being made on a Company-wide basis, Company seniority shall be considered.
04. In cases of promotion where the employee to be promoted is not the senior employee (on the job, department or Company as indicated above), the Company will present the alternative name to the Union concerned which will have the opportunity to discuss with the Company the qualifications of the senior employee but the decision of the Company will be final.

05. An employee who has been transferred or promoted from one department to another, or within his own department, and is returned to the job from which he was transferred or promoted within a period of ninety (90) days, shall retain his job seniority on his former job.
06. On a quarterly basis, the Company will supply the Union with a complete seniority list covering all employees and clearly indicating those employees classified as temporary (not holding model payroll job positions).

7. RECALL RIGHTS

01. Model payroll employees laid off due to lack of work will be recalled in order of Union seniority, the most senior person first, provided:
 - (a) they have the ability and qualifications to do the work;
 - (b) they report for work within ten (10) days of having been notified by registered mail of recall; Saturdays, Sundays and the statutory holidays named in this Agreement excluded;
 - (c) they have not been in layoff for more than one (1) year;
 - (d) they notify the Company of change of address;
 - (e) the job offer provides thirty (30) days or more of continuous employment.
02. When a model payroll employee is permanently laid off, or when their status changes from permanent to temporary, they will have recall rights to a model payroll occupation in order of their union seniority at the time of layoff or status change for a one year period from the date of the original layoff or status change.
03. Model payroll employees will lose their employment status and recall rights and their employment deemed terminated if they:
 - (a) quit voluntarily;
 - (b) are terminated for cause;
 - (c) are recalled and do not report for work as outlined above.
 - (d) have chosen to receive severance pay as per the provisions of Article 14.
 - (e) their recall rights to a model payroll occupation expire .
04. Employees other than model payroll employees have no recall rights.

8. LAY-OFF

01. When laying off help, Union employees shall be retained in preference to those not members; among equally efficient employees the older in point of service shall be given preference of employment.

02. Employees hired for temporary, seasonal or vacation relief work shall be laid off by departments on a departmental seniority basis.
03. When crews are being reduced, no employees on a regular model payroll job shall be laid off from the mill until all temporary employees have been laid off unless, in the opinion of management, the temporary employee has skills and/or qualifications deemed to be needed on an ongoing basis for the efficiency of operations. See Appendix A: Lay-Off Policy.

9. CONTRACTING OUT

01. Company policy is to do repair, maintenance and production work with its own crews. Contracting out will be kept to a minimum and the Union will be advised in advance of Company plans in this regard.
02. The Company and the Union agree to work together in an effort to reduce the practice of having outside contractors from doing installation, modification or repair of equipment that is normally performed by mill employees to ensure its continued operation.
03. It is agreed that in the future when a decision has been made to bring in an outside contractor, the Union executive will be called in and advised of the matter as far in advance as possible prior to the time the contractor comes in.
04. The Company will meet with the local Union on a weekly basis to discuss the planned use of contractors.

10. JURISDICTION

All employees who are employed in occupations which have a rate of wages fixed for the term of this Agreement shall be eligible for membership in the Union. The United Steelworkers, Local 665 and the International Brotherhood of Electrical Workers Union, Local 1861, undertake to settle between themselves questions as to which of the signatory Unions an individual employee shall belong.

Supervisors and others, including substitute foremen, shall not do bargaining unit work.

11. NON-DISCRIMINATION CLAUSE

The parties agree that in accordance with the provisions of the Ontario Human Rights Code there shall be no discrimination by the Company, the Union or the bargaining unit employees because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, record of offences, marital status, same-sex partnership status, family status or handicap.

12. JOB SECURITY

01. OBJECTIVE

The Company and Union recognize that technological and other changes, while necessary to the industry, will have an impact on employees.

The Company reserves the right to adjust all or any of its crews arising out of a change in process or a change in equipment. It is the purpose of the following provisions to assist employees in adjusting to the effects of such changes.

02. DEFINITION

Technological changes, which term shall include automation, mechanization, process changes and job integration, means the introduction of equipment of a different nature or kind than that previously utilized, or a change in operations process that is directly related to the introduction of that equipment or material.

03. JOINT COMMITTEE

A joint committee will be established at the mill which shall consist of three (3) Company and three (3) Union representatives. It shall be the function of the committee to study the effects these proposed changes will have on employment in the mill and to make such recommendations as agreed upon to the Mill Manager to ensure that the interests of the Company and the employees are fairly and effectively protected.

04. REQUIRED NOTICE

The Company will advise the Union not less than sixty (60) days if less than thirty (30) employees are affected and not less than one hundred and eighty (180) days if more than thirty (30) employees are affected before the introduction thereof, of mechanization, technological changes, job integration and/or automation which the Company has decided to introduce and which will result in terminations or other significant changes in the employment status of employees.

05. SENIORITY STATUS

(a) In the event that it is necessary, crews will be reduced in accordance with seniority and the established Lay-Off Policy. (See Appendix A).

(b) Any model payroll employee who is set back to a lower paid job because of mechanization, technological change, job integration or automation will receive the rate of his model payroll job at the time of the set-back for a period of six (6) months, and for a further period of six (6) months he will be paid an adjusted rate which will be midway between the rate of his model payroll job at the time of the set-back and

the rate of his new model payroll job. At the end of this twelve (12) month period, the rate of his new model payroll job will apply.

13. FLEXIBILITY

01. It is expected that employees will be required to perform various jobs from time to time throughout the facility, including across departments and trades. The Company and the Union will work together to develop these efficiencies in a cooperative manner.

14. SEVERANCE PAY

- (a) An employee with two (2) or more years of continuous service who is laid off by Company action because there is no work available for him will, after thirty-five (35) weeks of layoff, have the option to elect to receive a severance allowance of two percent (2%) of his total earnings for the last full period of continuous service less any severance payments already made. This severance allowance includes, and is not in addition to, payments which are or may be required by legislation. The allowance is however not inclusive of any pay in lieu of notice to which an employee may be entitled under the Employment Standards Act.
- (b) It is agreed that an employee who chooses to receive the severance allowance shall be deemed to have abandoned the right to be recalled and the employee's name will be removed from the seniority and recall list and his employment terminated.

15. WAGES

01. It is mutually agreed that the rates of pay, as per attached Hourly Rate Schedule, form part of this Agreement.
02. The parties agree that rate handling for all employees, other than those occupations having a rate range, shall be on the basis of applying the rate of the job performed. Management may, however, request an employee to temporarily fill a job of lower rate classification to facilitate mill operation, in which case the employee shall have his regular rate maintained.
03. During the period an employee is being trained for a higher rated job, his regular rate will be maintained. When he is qualified and takes over the duties of the higher job alone, he shall receive the higher rate.
04. It is understood that the Management and the Union may at any time during the term of this Agreement negotiate rates for newly created jobs or existing jobs with added responsibility which are in line with current rates for comparable jobs within the mill or industry.

05. An employee temporarily assigned to a higher paid operating job shall revert to his regular rate if required to perform other than an operating job for a full shift or longer when the mill is shut down.

16. SHIFT DIFFERENTIAL

01. Shift Premium 'B' shift, 3:00 p.m. to 11:00 p.m. - Fifty-Five cents (\$0.55) per hour.
Shift Premium 'C' shift, 11:00 p.m. to 7:00 a.m. - Seventy Cents (\$0.70) per hour.
02. 3-2-2 calculation for midnights - Eighty-Three Cents (\$0.83) per hour.
03. This shift differential premium will be added to the straight time rates on the 'B' 3:00 p.m. to 11:00 p.m. shift and the 'C' 11:00 p.m. to 7:00 a.m. shift and used in the calculation of all premium pay.
04. A day worker who is required to work overtime for which he is paid time and one-half, will not be paid a shift differential.
05. A day worker temporarily assigned to tour work on a special night shift assignment shall be paid the shift differential as set out above.
06. Employees absent on paid vacation, holidays with pay or receiving weekly indemnity disability benefits shall not be entitled to the shift differential.

17. MILL SCHEDULE

It is agreed that the normal operation of the mill will be continuous for seven (7) days a week except for holidays as designated and such other shutdowns as may be necessary in the judgment of management.

18. EMERGENCY SHUTDOWNS

During unplanned shutdown periods of twenty-four (24) hours or less (24 hours to include the shift during which the shutdown occurs and the next two shifts), operating crews affected will be given the opportunity to do available work and will be paid at the rate of their regular occupation.

19. HOURS OF WORK - DAY WORKERS

01. FOUR X TEN WORK SCHEDULE

The normal hours of work for day workers shall be from 7:00 a.m. to 5:00 p.m., with a twenty (20) minute paid lunch, except when otherwise mutually agreed upon. The Company normal schedule for day workers will be Monday to Thursday or Tuesday to Friday. If requested, the union will meet with the Company to discuss other schedules during the course of the Collective Agreement. As the normal operation of the mill is

continuous, day crews will be assigned, as required, to a seven (7) day - day shift schedule.

02. FRIDAY COVERAGE

The Friday coverage crew, if required, will be expected to do any normal work in the mill, i.e., normal scheduled work, breakdowns, finishing jobs left from the previous day, or getting the mill ready for Saturday and Sunday operation. They may work in any area of the mill.

Extra people may be asked to augment the Friday coverage crew, as per current overtime provisions.

Any day worker scheduled to provide coverage for Friday, Saturday or Sunday, the hours of work shall be 7:00 a.m. to 12:00 noon and 12:30 p.m. to 3:30 p.m. with a thirty (30) minute unpaid lunch.

03. WEEKEND DUTY (W.E.D.)

A weekend duty maintenance crew will be established. This will be two (2) millwrights and one (1) welder. The make-up of the crew will be reviewed on a quarterly basis, and may be adjusted based on experience.

A person on-call (3:30 p.m. Friday to 7:00 a.m. on Monday) will be expected to carry a pager and respond to all calls, report at the mill within a reasonable time and perform work as assigned. Obviously, extra long work or jobs requiring large crews may require additional people being called as per present practices.

Persons on W.E.D. who are called in will be paid as per the Collective Agreement.

People who are scheduled for W.E.D. are responsible to find alternates should they be unable/unwilling to be on duty as scheduled.

All W.E.D. call-ins will be examined by a 4 x 10 sub-committee to ensure calls are necessary and reasonable.

Persons making the call-in must exercise restraint. Calls should be reserved for important work - not work left over from earlier in the week, for example.

20. **HOURS OF WORK - TOUR WORKERS**

01. The schedule of hours of tour workers (24-hour, 7-day operation only) and the hours that tours shall change, shall be 6:00 a.m. to 6:00 p.m. and from 6:00 p.m. to 6:00 a.m.

02. (a) Shifts shall be arranged to suit the running schedule of the mill and to avoid any interruptions in normal operations, it being agreed that in some cases it is necessary to

effect an “average” work week. The word “average” shall mean the work week schedule already agreed upon.

(b) The 3-2-2 work schedule requires that all shifts and progression lines be self-supporting for shift move-ups with standby availability of manpower as required.

NOTE: During the period that employees are on scheduled days of rest they must accept assignment to the availability list as scheduled and agreed to by the Union.

03. Each worker is required to be in his place when his tour begins and shall not leave his post to wash and dress until his mate relieves him and takes over the duties and responsibilities of the job.
04. Should a tour worker be unable to report for work at the beginning of his shift, he must contact the departmental foreman or leader on duty, either directly or through Security, as soon as possible.
05. If a tour worker does not report for his regular shift, his mate shall notify the department superintendent or foreman. He shall then remain at his post until a substitute is secured or his foreman decides it is not necessary for him to remain.
06. When a vacancy occurs for any reason and qualified help is available, promotions will be made from among the employees on the same shift in which the vacancy occurs. This will apply in all cases except permanent promotions and determined absences of sixty (60) days or more in duration, excluding absence for vacation. The senior tour worker next in line for the job will be promoted, with consequent promotions all down the line and securing the necessary help to fill the vacancy thus created in the lowest category job if necessary. Such seniority promotions will be made the week following the date the absence is determined. The junior employee in the department will be required to move to the shift needing the replacement.
07. If an employee has been absent from work a day or more, he shall give adequate notice to his foreman or superintendent of his intention to return. This notice should be given as far in advance as circumstances permit. An employee returning to work after an absence that has occasioned a seniority move may be sent home unless he has given notice of his return a clear twenty-four (24) hours before the starting time of his first return shift.
08. AVAILABILITY FOR CALLS ON SCHEDULED DAYS OFF (3-2-2)
 - (a) Each department will establish the number and qualifications of employees required to be available on the call list for each progression line.
 - (b) It shall be the foreman’s responsibility (with the assistance of the Area Shop Steward as required) to ensure that the availability list is completed and posted in each progression line area.

The foreman will prepare the availability list in advance, assigning employees on the shift progression line on a rotating basis, as required, to cover each period of time off work. Employees wishing to change their assignment schedule may do so with the foreman's approval and providing the employee makes his own arrangements with a qualified employee and submits a written shift change form, duly signed.

- (c) Prior to going on their scheduled days off, employees will indicate by signing the form, confirming their availability to be called in on such scheduled days off.
- (d) It is understood and agreed that all days and shifts must be covered to ensure that a replacement will be available for an employee who cannot report or fails to report for their regularly scheduled shift. It is understood that this is critical to the success of the twelve (12) hour shifts operating successfully.
- (e) Employees on the availability list will be required to be available for calls between the time of one (1) hour before and two (2) hours after the scheduled shift change time to allow for late relief.
- (f) Employees on the call list who are not available during the time period (three (3) hours) will be subject to disciplinary action in accordance with the Collective Agreement.
- (g) NOTE: Persons on the availability list should be in town, not necessarily by the phone; however, someone should be at the phone and aware where they might be contacted in case they are required. Employees may phone the foreman on duty for their area not earlier than thirty (30) minutes after the start of the shift to ascertain if they will be required.
- (h) It may be necessary, at times, due to unforeseen circumstances, such as illness, accident, etc., to call in other employees not on the availability list so that employees will not be required to work more than sixteen (16) hours.
- (i) When a vacancy occurs for any reason and qualified help is available on the shift, promotions (shift move-ups) will be made among the employees on shift. The foreman/supervisor may adjust the crews if possible to avoid call-ins on the availability list.
- (j) If promotions (shift move-ups) cannot be made, the qualified employee on the availability list will be called in if required.
- (k) The shift will be adjusted at the discretion of the foreman/supervisor to replace the employee called in on the job they are qualified to perform.
- (l) The employee called in will not receive less than their established base job rate and the employees on shift shall not receive less than the position for which they are scheduled prior to the vacancy.

- (m) Tradesmen on tour maintenance shall not be responsible to cover the availability list.
 - (n) Employees in operations assigned to the availability list shall not be required to be on the availability list continually on a twenty-four-hour-a-day basis on their days of rest.
 - (o) The operations employee on the availability list shall be required to be available on the same shift as the last day worked.
 - (p) If an employee is called in on any night shift and loses the next day shift, he will be given the option to work the 3:00 p.m. to 11:00 p.m. shift at time and one half to make up for the lost shift.
09. (a) When it is established in advance of the shift that a vacancy exists, and the foreman determines that qualified help is not available, the tour workers on shift will be scheduled to work their days of rest to cover the vacancy.
- (b) A tour worker on a 3-2-2 shift cycle may have their scheduled days off delayed or advanced due to a change of shift

10. **TOUR WORKERS HOURS DURING MAINTENANCE SHUTDOWNS**

Tour workers scheduled to work with day crews will have their hours designated by management thirty (30) days prior to the start of the major maintenance shutdown after consultation with the Union and giving due consideration to the maintenance and construction needs during this time period.

Tour workers not employed on their regular occupations but scheduled to work tour worker hours during maintenance shutdowns will work the stated hours of the shift and the practice of early relief will not be allowed during the shutdown period.

21. OVERTIME

01. Regular straight time rates shall be paid for all hours worked in each shift. All hours worked in excess of the employee's scheduled hours per day or in excess of:
- (a) an average of forty (40) hours per week, over a two (2) week scheduling cycle for tour workers, or
 - (b) forty (40) hours per week for day workers,

will be paid at time and one-half. All hours taken as vacation, floating holidays, paid sick leave, excused paid absences and union business will be included in calculating the hours worked per scheduling cycle.

02. In the case of an employee reporting late without authorized leave, overtime will commence after he has completed his regularly scheduled number of hours.

03. Supervisors will make every effort to ensure that the employee does not work less than his normal weekly hours during the week any change in shift takes place.
04. Overtime shall not be pyramided nor shall more than one basis of calculating overtime be used to cover the same hours.
05. If in any pay period a day worker works more than two (2) tour shifts, he will be dealt with as if a tour worker for that scheduling cycle.
06. **CALL-IN PAY**
 - (a) An employee called in to work on his scheduled day of rest shall be paid a minimum of six (6) hours pay at straight time or at overtime rates for the actual time worked whichever is greater;
 - (b) An employee called in on a scheduled work day for work which is not continuous with their scheduled hours shall be paid a minimum of four (4) hours pay at straight time or at overtime rates for the actual time worked whichever is greater.
 - (c) Any hours worked for which call in pay applies shall not be used in calculating overtime hours under article 20.01.

07. **ALLOWANCE FOR FAILURE TO PROVIDE WORK**

An employee who reports for duty at the beginning of his normal day, shift or tour, and finds his work schedule has been changed and reasonable effort has not been made to notify him shall, if possible, be given an opportunity to do other work for four (4) hours or more and the employee will be expected to accept such work. However, if four (4) hours or more is not available, two (2) hours straight time shall be paid.

22. ENGINEERING TRADES - TOUR MAINTENANCE

01. The rotation of tradesmen from day work to tour work (3-2-2) schedule will be by December 31 of each year for the following twelve (12) month period.
02. Applications for assignment from days to tour, or tour to days must be submitted to the Trades Supervisor by December 1 each year. Assignment will be by seniority, replacing the junior man on tour, unless a senior tour tradesman has applied to return to days.
03. If a tour tradesman applies to change to day work and there are no applications for tour work, the junior person by seniority in the trade, when qualified to go on shift, will be so assigned for a twelve (12) month period.

04. If there are no applications for tour work in the second year and the junior tradesperson so assigned does not want to remain on tour, he shall be replaced by the junior tradesman on days, the rotation continuing each year.

23. LUNCHESES AT THE EXPENSE OF THE COMPANY

Lunches at the expense of the Company will be given to employees in case of unscheduled overtime in accordance with the following provisions:

01. The Company agrees that, unless personally notified the previous day, an employee who is required to work at least one and one-half (1.5) hours beyond his regularly scheduled hours will be provided with a lunch at the Company's expense. The Ten Dollar (\$10.00) meal reimbursement will be paid through the payroll system.
02. Employees called in to work an eight (8) hour shift on overtime or on a regular day off, will be required to provide their own lunch, providing they are notified more than two (2) hours prior to starting time of the shift. No employee will be required to provide more than one (1) lunch under this application.
03. After the provision of the first lunch, under any section of this clause, a lunch will be provided every four (4) hours thereafter at the Company's expense.
04. Tour workers held over more than two (2) hours after completion of their regular twelve (12) hour shift will be provided with a lunch at each four (4) hour interval thereafter.

24. REST PERIOD AFTER EXCESSIVE HOURS OF WORK

01. An employee required to work more than sixteen (16) consecutive hours in a twenty-four (24) hour period will be given time off with pay for all time worked beyond sixteen (16) consecutive hours at his regular straight time rate commencing at the starting time on the following day of work. For day workers, the lunch period shall be included as part of the sixteen (16) consecutive hours of work.
02. Day workers who follow regular shift hours, 7:00 a.m. to 5:00 p.m., who are called in, will be allowed equivalent time off with pay (rest period), for time worked between 11:00 p.m. and 7:00 a.m., provided in every case the work commenced on or before 3:00 a.m. The rest period shall be taken during the following normal work day. The employee will be entitled to a minimum rest period of sixty (60) minutes for the first call-in in any calendar day.
03. In applying sections 01. and 02., it is understood that the workday means the twenty-four (24) hour period beginning at the start of the employee's regularly scheduled shift. If the following day is not a day of work, the above will not apply.

25. STATUTORY HOLIDAYS

01. The designated holidays are:

Canada Day
Labour Day
Christmas Day
Boxing Day
New Years Day

02. The mill will operate through all holidays except:

(i) for day workers there will be a shutdown period as follows:

- (a) Christmas Day and Boxing Day
Forty-eight (48) hours (Sunday excluded*) from 5:00 p.m. (6:00 p.m.**)
December 24 to 5:00 p.m. (6:00 p.m.**)
December 26.
- (b) New Year's Day
Twenty-four (24) hours (Sunday excluded*) from 5:00 p.m. (6:00 p.m.**)
December 31 to 5:00 p.m. (6:00 p.m.**)
January 1.
- (c) Canada Day
Twenty-four (24) hours (Sunday excluded*) from 7:00 a.m. (6:00 a.m.**)
of Canada Day to 7:00 a.m. (6:00 a.m.**)
of the following day.
- (d) Labour Day
Twenty-four (24) hours from 7:00 a.m. (6:00 a.m.**)
Monday to 7:00 a.m. (6:00 a.m.**)
Tuesday.

* It is understood and agreed that "Sunday excluded" applies only to day workers whose regular work schedule provides Sunday as a day of rest each week.

** Indicates the holiday period time for tour workers on the twelve (12) hour shift schedule.

(ii) for tour workers there will be a shutdown period as follows:

- (a) Christmas Day and Boxing Day
(as noted in 02. (i) (a) above)
- (b) New Year's Day

For tour workers, the mill will operate through New Year's Day. The shift scheduled to work that day, as per the shift schedule, will be required to attend work. The Christmas and Boxing Day shutdown period will be

extended by twenty-four (24) hours and this day will be considered the New Year's Day statutory holiday for all tour workers.

Each year, before the end of January, management will, after consultation with the Union, establish shutdown time for the Christmas holiday period which will be either 6:00 p.m. December 23 to 6:00 p.m. December 26 or 6:00 p.m. December 24 to 6:00 p.m. December 27.

(c) Canada Day and Labour Day

For tour workers, the mill will operate through Canada Day and Labour Day. The shifts scheduled to work that day (as defined in Article 25.02(i)(c) and (d)), as per the shift schedule, will be required to attend work.

03. ELIGIBILITY

- (a) An employee must have been at work on his work day preceding the holiday and must have returned to work on his next scheduled work day following the holiday, unless excused by his department head for justifiable reason.
- (b) An employee, unless due to illness or accident, must have been at work ten (10) days out of the preceding thirty (30) days.
- (c) An employee who is absent due to illness or accident (on-duty or off-duty) must have been at work some time within the ninety (90) day period previous to the holiday.
- (d) A new employee must have been an employee of the Company thirty (30) days and actually worked a minimum of ten (10) days.
- (e) An employee scheduled to work on a holiday and is absent without permission on that day, will not be eligible for holiday pay.
- (f) 3-2-2 Shift Schedule
 - i. A tour worker, unless due to illness or accident, must have been at work eight (8) days out of the preceding thirty (30) days and,
 - ii. a new employee hired as a tour worker must have been an employee of the Company thirty (30) days and actually worked a minimum of eight (8) shifts.

04. PAY WHEN ELIGIBLE

- (a) An employee who is scheduled to work the statutory holiday and who works the holiday will receive time and one-half for all hours worked and holiday pay for the number of hours of his regularly scheduled shift.

- (b) An employee who is scheduled to work and does not work that day because it is a shutdown period, will receive holiday pay equivalent to the number of hours of his regularly scheduled shift.
- (c) If the statutory holiday falls on the employee's regular day of rest, he shall be paid eight (8) hours at the rate of his regular occupation.
- (d) Article 24 will not apply for excessive hours worked the day preceding the statutory holiday period. However, for excessive hours worked during the statutory holiday period, Article 24.03 will apply.
- (e) An employee called in during a statutory holiday shall be paid a minimum of six (6) hours pay or time and one-half, whichever is greater.

26. FLOATING HOLIDAYS

- 01. Effective January 1st of each year, employees with one (1) or more years of continuous service shall be entitled to sixty (60) floating holiday hours at regular straight time rates.

The floating holiday period will be from February 1st to January 31st.

- 02. A new employee must have been in the employ of the Company for three (3) months to qualify for the first eight (8) hours, six (6) months to qualify for an additional twenty-four (24) hours of floating holidays, and nine (9) months to qualify for the remaining twenty-eight (28) hours of floating holidays.

NOTE: No employee shall be eligible for or will receive more than the established number of floating holidays in a vacation year.

- 03. Each floating holiday must be taken on a day the employee would otherwise be scheduled to work and will not be paid for unless he actually takes time off.

- 04. **EXCEPTION**

Employees hired for temporary or seasonal work and who qualify for floating holidays may receive payment for those at the termination of their employment if they so desire. (Also see Exception in paragraph 11.)

- 05. An employee scheduled to work on a statutory holiday will not be allowed to schedule that day as a floating holiday.
- 06. Floating holidays are not cumulative from year to year and must be taken during the vacation year or be forfeited by the employee.
- 07. At least forty-eight (48) hours advance notice is to be given to the employee's foreman in writing on the form provided and shall be subject to the foreman's approval so that the

holidays shall not interfere with the efficiency of operations. Floating holidays must, on application, be confirmed or rejected twenty-eight (28) days prior to the day requested.

08. The piling up of holidays in the last two (2) months of the vacation year is to be avoided. On October 1st, a check will be made to see what holidays are outstanding and steps taken by each foreman to see that such holidays are distributed over the balance of the year. If floating holidays are not scheduled by December 1st, they shall be paid. However, if scheduled and then canceled by the Company after December 1st, the hours will be credited to the employee's bank time for application the following vacation year.
09. Pay for floating holidays will be made in the cheque covering the period floating holidays are actually taken.
10. Employees eligible for floating holidays who resign prior to working thirty (30) consecutive scheduled days in a calendar year or are dismissed for cause or who resign without proper notice shall not be entitled to receive payment for these floating holidays.
11. An employee off work at the end of a vacation year due to on-duty or off-duty accident or sickness, will be paid for unused floating holidays.
12. Permission absences will not be granted until all of the employee's floating holiday entitlement has been exhausted or scheduled. This excludes employees requesting leave of absence for Union business.
13. If an employee requests a floating holiday without forty-eight (48) hours notice, it will not be granted unless the employee obtains his own relief for the shift requested. Such relief cannot be provided by the employee on the availability list as they are providing replacement for employees who fail to report for work
14. Floating holidays may be taken in hours to accommodate employee needs providing the team can cover the absence without the need to schedule or call in relief.

27. VACATION

01. (a) The members of the signatory Union shall be eligible for:
 - i. two (2) weeks vacation after having completed one (1) year of continuous service;
 - ii. three (3) weeks vacation after having completed four (4) years of continuous service;
 - iii. four (4) weeks vacation after having completed nine (9) years of continuous service;
 - iv. five (5) weeks vacation after having completed eighteen (18) years of continuous service;
 - v. six (6) weeks vacation after having completed twenty-three (23) years of continuous service;

- (b) The Company shall schedule relief during employees' vacations for employees who have previously been scheduled for weekend coverage or the availability list during this vacation period. The vacation period shall be deemed to commence at the conclusion of work on the last scheduled workday prior to the start of the vacation period and shall be completed the day of his return to work.

02. ELIGIBILITY

- (a) The Company and the Union encourage all employees to take their vacation as this time is intended to enable each employee the opportunity to enjoy a respite from routine duty.
- (b) To be eligible to schedule vacation, an employee must have been actively employed not less than a total of ninety (90) days during the six (6) months preceding a vacation.
- (c) After completion of ninety (90) days employment, if there is not sufficient time in the vacation year to schedule full vacation entitlement, the employee shall, subject to the necessities of operations, schedule the available time remaining in the vacation year. Any balance of vacation pay entitlement shall be paid for at the end of the vacation year.
- (d) An employee who has less than ninety (90) days active employment shall not be eligible to schedule vacation but will receive two percent (2%) for each week of vacation pay entitlement based on the previous year's earnings.
- (e) Employees eligible for vacation who are dismissed for cause or who resign without proper notice shall not be entitled to vacation except as provided for in the applicable government legislation.

03. TIME VACATION MAY BE TAKEN

- (a) The holiday period shall be February 1st to January 31st.
- (b) Vacation schedules shall be arranged and approved by the department superintendent. In drawing up the schedule, he will endeavour to meet the wishes of the individual employee. However, the necessities of operation must be given full consideration. Where there is a conflict in vacation time requested by individual employees, Company's service seniority within vacation groups shall govern.
- (c) Where there is a scheduling conflict among employees within a vacation group designated by the Company for vacation scheduling purposes, mill service acquired within the employees bargaining unit shall determine the scheduling position of the employee within his vacation group.

- (d) Working of long shifts while employees are away on vacation is to be avoided whenever possible. However, in cases mentioned above and when due to emergencies, sickness or lack of qualified help, the Company may require employees to work twelve (12) hour shifts to enable employees to take their vacation as scheduled.
- (e) Vacation schedules will be prepared and posted on February 1 of each year. All employees shall have their first two (2) weeks vacation scheduled by April 1. All remaining vacation shall be scheduled by June 1. The schedule will be subject to change only in the case of an emergency and any such change shall be made only with the approval of the employee's superintendent.
- (f) For the 3-2-2 schedule only, the first round of vacation scheduling for tour workers shall not exceed two calendar weeks, commencing at the beginning of a block of two (2) consecutive shifts. The 4x4 tour workers shall schedule their first round of vacation as per the vacation policy.

If two (2) weeks are selected within the preferred period, they must be consecutive.

If only one (1) calendar week is selected within the preferred period, the second week must be scheduled outside the preferred period.

When the first round of vacation scheduling is complete, the senior employee within a vacation group will have the first opportunity to schedule all of their remaining vacation time which may be scheduled in blocks of two or three shifts.

- (g) Upon completion of scheduling two (2) weeks vacation, an employee may schedule one (1) week vacation (forty [40] hours - day worker, and forty-two [42] hours - tour worker) as floating holidays but paid at vacation rate.
- (h) Vacation allowance shall not be cumulative from year to year.
- (i) One (1) week of vacation time shall equal:
 - (1) Forty (40) hours for day workers.
 - (2) Forty-two (42) hours for tour workers.

04. VACATION PAY

Employees will receive vacation pay as follows:

- (a) Each week of vacation pay will be calculated at two percent (2.0%) of gross earnings including vacation pay earned in the previous calendar year. Employees will be required to take a minimum of two (2) weeks vacation per year and this will be paid at the two percent (2.0%) or the rate of the employee's regular job**, whichever is greater. All accumulated vacation pay will be first applied to this two (2) week period.

** Rate of model payroll (permanent) job at time of vacation.

(b) If an employee so requests, he shall have the privilege of drawing his vacation pay just prior to taking his vacation.

(c) Normal payroll deductions will be made from vacation cheques.

(d) Employees off work at the end of a vacation year due to an on-duty or off-duty accident or sickness will be paid for unused vacation.

05. VACATION PAY FOR ABSENCES OTHER THAN PLANNED VACATION

Vacation pay may be given to an employee who is off work one (1) week or longer for absences other than planned vacation and for which the employee is not entitled to receive wage compensation, such as weekly indemnity benefits, funeral leave pay, floating holiday pay, etc. In such cases, the employee concerned will apply to the Human Resources Department within a week after his return to work.

06. ABSENCES FOR WHICH VACATION PAY WILL NOT BE APPLIED

(a) Absences without permission and absences for disciplinary reason.

(b) Industrial accidents which are compensable under the Workplace Safety and Insurance Act.

i. It is considered undesirable to give vacation pay for any part of an employee's absence because of an industrial accident. If, however, an employee desires to change his vacation date with the approval of his superintendent, vacation may be scheduled to follow immediately the "return to work" date. This will enable the employee to bridge the period in which he might be reported as fit for light work.

ii. An employee off work at the end of a vacation year because of an industrial accident, who is eligible for vacation which he has not been able to take before the year end, shall be paid any outstanding vacation pay.

28. FUNERAL LEAVE

01. Five (5) days funeral leave to be granted when death occurs to an employee's mother, father or member of immediate family, i.e., employee's spouse, daughters, sons, stepdaughters, stepsons, brothers and sisters.

02. Three (3) days funeral leave to be granted when death occurs to a member of an employee's family, i.e., stepmother, stepfather, father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparents, grandchildren, brother-in-law, sister-in-law.

03. The employee will be granted leave and shall be paid at regular straight time rate for the maximum of, whichever is applicable, five (5) or three (3) consecutive days (the

consecutive days to include the day of the funeral). The Company shall only pay wages to the employee during the funeral leave period for his regularly scheduled days of work. The regular straight time rate shall mean the straight time rate of the job at which the employee would have worked had he not been on funeral leave.

04. A new employee must have been an employee of the Company for thirty (30) days before becoming eligible for payment under this clause.
05. When an employee is eligible for funeral leave during the period they are on vacation, the funeral leave days will be applied and the corresponding vacation days rescheduled to a later date agreed to by supervision, having due regard for the employee's wishes and the necessities of operations. If no work days are left within the vacation year to reschedule corresponding vacation days, the vacation time shall be paid off.
06. Funeral leave is to allow an employee time off work with no loss of wages and conversely no gain in wages.

All other terms of the Labour Agreement apply as established.

29. PREGNANCY LEAVE

Employees shall be entitled to pregnancy leave in accordance with the provisions of the Employment Standards Act, 2000. If legislation is passed improving pregnancy leave, it shall be adopted.

30. PARENTAL LEAVE

Employees shall be entitled to parental leave in accordance with the provisions of the Employment Standards Act, 2000. If legislation is passed improving parental leave, it shall be adopted.

31. JURY DUTY PAY

01. Employees will be reimbursed for the difference between subpoenaed witness and jury duty pay and regular straight time pay for scheduled hours lost. Regular straight time pay means ten (10) hours at the regular straight time rate of the job at which the employee would have worked had he not been on jury duty.
02. Application for reimbursement shall be made to the employee's foreman on the form prescribed, accompanied by an official statement from the court showing the time involved and total pay received.
03. Tour workers on the 3-2-2 work schedule whose attendance is required in court as a subpoenaed witness or on jury duty shall be reimbursed for lost wages on regularly scheduled days of work. The employee shall be paid twelve (12) hours at the straight time rate of the job at which the employee would have worked had he not been summoned to

court as a witness or juror minus witness fees or jury duty pay. Said deduction shall not include reimbursement by the court for travel expenses.

32. TRAINING

01. All parties recognize that it is mutually advantageous to properly train employees for job efficiency and potential advancement. Following are general types of training programs which may be carried on:
 - (a) Management may give special training in the operation and maintenance fields to specially qualified employees. Typical of such training is the Trades Training and Apprenticeship Program, training employees for key operating assignments and training employees to man additional or new operating units.
 - (b) Arrangements may also be made for a salaried employee to temporarily serve in a progression of hourly paid operating jobs, for the purpose of acquiring such experience as is prerequisite to some positions in Sales, Accounting, Laboratory, Research or other management functions. No hourly paid employees shall be subject to any demotion or cut in rate, nor be deprived of any hours of work because of this program.
 - (c) Prior to the commencement of any training session(s), the employee shall be advised as to the applicable pay for the term of the training.

33. FUNCTIONS OF MANAGEMENT

01. The Company shall have the right at any time to hire skilled employees from outside whenever, in management's opinion, properly skilled help is not available within the mill.
02. It must be the exclusive function of management to manage the business and direct the working forces and make reasonable rules and regulations for the purpose of efficiency and discipline.

34. STRIKES AND LOCKOUTS

It is agreed that there shall be no strikes, lockouts, walkouts or other similar interruptions of work during the life of this Agreement.

35. ABSENCE FROM WORK

Regular attendance at work is necessary for efficiency, and the absence of an employee without notification is considered indifference to the interests of the Company and fellow workmen.

36. ABSENCE WITH PERMISSION

01. An employee desiring to be absent from work must apply to his foreman at least one (1) day prior to contemplated absence so that if leave is granted other arrangements can be made.
02. Leave of absence may be granted at the discretion of the department head except that leave of absence for more than two (2) weeks shall not be granted without the approval of the Mill Manager in writing.
03. The Company may grant a leave of absence to Union members for the following reasons:
 - (a) legitimate personal reason;
 - (b) temporary appointments to the International Union;
 - (c) candidacy for public office;
 - (d) election to federal or provincial office.

Each request for extra leave will be considered on its own merits taking into account such factors as need, years of service, length of time requested, department work requirements, availability and cost of replacement, and equity of treatment.

No leave shall be granted to employees for the purpose of working elsewhere. Any employee granted leave for one (1) month or more under these circumstances may continue insurance coverage (hospital, medical, dental and group life) by paying the total premium costs in advance of the leave.

All requests for leave of absence must be applied for in writing and approved by the department head, the director of Human resources, and/or the President and General Manager.

While Company service will not be broken by leave of absence, service-related benefits will not accrue during the leave of absence.

Provided that the employee returns to work immediately upon expiration of the leave, he will be reinstated to his former job without loss of job seniority.

37. EMERGENCY ABSENCE

01. In the event of sudden illness, accident or other emergency, an employee absenting himself must contact the departmental foreman or leader on duty, either directly or through Security, as soon as possible. Bona fide cases of emergency will be treated as if permission had been sought in advance.
02. Following notification that an employee is serving a sentence under the law, the case will be dealt with as if the employee had asked for permission in advance, and the Company and the Union will endeavour to reach a mutually satisfactory agreement on what action should be taken.

38. ABSENCE WITHOUT PERMISSION

01. Unexcused absence or emergency absence when notification is not given within a reasonable time, will be dealt with by superintendents as follows:

(a) First Occasion

The employee shall be warned in writing in the presence of a Shop Steward to ensure that he understands Company policy and the consequences of a future unexcused absence.

(b) Second Occasion

The employee shall be suspended for three (3) days. Two (2) twelve (12) hour days shall be equivalent to three (3) eight (8) hour days.

(c) Third Occasion

Providing that it is within twelve (12) months of the first one will automatically discharge him.

02. After one (1) calendar year from its occurrence a record of unexcused absence shall be deleted from the record. Nevertheless, those occasions within the preceding twelve (12) months shall still remain on the record and subsequent unexcused absences will be dealt with on the basis of the number which have occurred within a twelve (12) month period.
03. If an employee has been absent from work a day or more, he shall give adequate notice to his foreman or superintendent of his intention to return. This notice should be given as far in advance as circumstances permit. An employee returning to work after an absence that has occasioned a seniority move may be sent home unless he has given notice of his return a clear twenty-four (24) hours before the starting time of his first return shift.

04. Day workers not having been granted leave of absence who do not report within two (2) hours after starting time shall be treated as an absentee and, unless they can show extenuating circumstances, will be charged with an N.P.
05. A tour worker not having been granted leave of absence who does not report within two (2) hours after the start of the shift will be considered as an absentee and the foreman will make provision for substitution. Should the employee (considered as an absentee) report after substitution has been made (or a substitute sent for), he will be sent home. If he can prove extenuating circumstances, he will be treated absent without permission for the day but will not be charged with an N.P. Should he report before arrangements have been made for substitute, he may work and be recorded as late.

39. CAUSES FOR DISCHARGE

01. REASONS CONSIDERED SUFFICIENT FOR IMMEDIATE DISCHARGE

- (a) Violation of “Intoxicants in the Workplace” Policy. Refer to Appendix H.
- (b) Wilful neglect of duty.
- (c) Destruction of Company property.
- (d) Theft of personal or Company property.
- (e) Failure to comply with Company rules and policies.
- (f) Fighting.
- (g) Violation of Lock Out and Vessel Entry Procedures.

02. REASONS CONSIDERED SUFFICIENT FOR DISCHARGE AFTER PROPER WARNING GIVEN

- (a) Indifference.
- (b) Violation of Mill Safety Rules.
- (c) Violation of Mill Smoking Policy.

After one (1) year, warnings will be removed from the records.

03. (a) No employee shall be disciplined or discharged without just cause.
- (b) An employee is entitled, prior to the imposition of discipline or discharge, to be notified of a meeting with management, unless he is a danger to himself or others.

The employee shall be accompanied by a Union representative who shall be advised in advance by management of the time and place of the meeting.

- (c) The employer shall provide the employee and the Union with a copy of any written warning or adverse report affecting the employee. Any reply by the employee shall become part of their record.

40. ADJUSTMENT OF COMPLAINTS

- 01. Should any difference arise between the parties bound to this Agreement concerning its interpretation, application or any alleged violation thereof including any questions as to whether any matter is arbitrable, there shall be no interference with the progress of the work and the difference shall be finally and conclusively settled as hereinafter provided. Either party may initiate grievances with the procedure pursued as expeditiously as possible. A grievance shall be submitted within five (5) working days from the time the employee and/or the Union receives knowledge of the alleged infraction.
- 02. STEP 1
An employee seeking adjustment of a complaint coming under the scope of this Agreement shall, in the first stage, confer with the appropriate immediate supervisor, either alone or accompanied by his Shop Steward in an attempt to resolve the complaint. The appropriate supervisor's verbal reply will be given within three (3) working days.
- 03. STEP 2
If the supervisor's decision is not acceptable, then within five (5) working days, the grievance committee shall present the grievance in writing to the department manager, otherwise the matter will be closed. Such written grievances shall be signed by the grieving party. The department manager will give his answer in writing to the member of the grievance committee within five (5) working days of receipt of such written grievance.
- 04. STEP 3
If the reply of the department manager does not adjust the grievance, a meeting with the Pulp Mill Manager may be requested within five (5) working days of the department manager's answer, otherwise the matter will be closed. The Pulp Mill Manager, or his designate, will meet with the committee in an attempt to resolve the grievance within ten (10) working days of receipt of a request for such meeting. The International Representative of the Union or his designate may be present at this stage to assist the Local Union. The Pulp Mill Manager shall give his written decision within five (5) working days following the aforementioned meeting.
- 05. Failing settlement under the above procedure, the matter may then be taken to arbitration, provided that the aggrieved party notifies the other party to this agreement of its intention to do so. However, if no written notification is received within five (5) working days of the final decision in Step 3, the grievance shall be deemed settled or abandoned.

06. Discharge cases or matters concerning the application, interpretation and administration of the Agreement that concern a group of employees or that would not normally fall within the authority of the local supervisors referred to in Steps 1 and 2 may be submitted as a grievance in Step 3.
07. Any of the time limits provided above may be extended by mutual consent of the parties hereto.
08. Time limits as referred to above shall exclude Saturdays, Sundays and holidays.

41. TOOL REPLACEMENT

The Company and the Union agree that tools broken on the job and presented to the employee's supervisor will be replaced by the Company.

42. SAFETY SHOES

The Company subsidy for the boot allowance will be a maximum of One Hundred and Seventy-Five Dollars (\$175.00) per calendar year, with no limit to the number of pairs purchased.

The eligibility for subsidy will be achieved after sixty (60) days of cumulative service.

43. CLOTHING ALLOWANCE

The Company will provide a clothing allowance, through the payroll system, of One Hundred and Twenty-Five Dollars (\$125.00) to all employees on the active payroll at January 1st of every year. Eligibility for the subsidy will be achieved after ninety (90) days of continuous service.

44. COMPANY PAID INSURANCE PREMIUMS

The portion of the premium costs set out below for the following insured benefit coverage will be paid by the Company for employees who are and remain eligible according to the terms of the applicable insurance policy:

- (i) **Group Life and AD**
Employee pays \$0.30 / \$1,000; Employer pays total premium cost above \$0.30 / \$1,000
- (ii) **Weekly Indemnity**
100% Company paid
- (iii) **Long Term Disability**
100% Company paid

- (iv) **Extended Health Care (Major Medical)**
100% Company paid
- (v) **Dental Care Plan**
100% Company paid
- (vi) **Vision Care**
100% Company paid

The plans will be administered by the insurer in accordance with the applicable insurance policy. Refer to the Letter of Understanding for basic plan details.

45. MEDICAL FORMS

All costs of medical reports requested by the Company will be reimbursed to a maximum of fifty percent (50%) upon proof of receipt. The receipt must be provided to the Benefits Coordinator and will be reimbursed on a quarterly basis through the payroll.

46. RETIREMENT PLAN

- 01. Effective August 29, 2006, the Company will implement a Defined Contribution Pension Plan which will, in accordance with the Plan, include the following contribution levels:

Member's Points	Contributions on all Earnings
Less than 30	2.75%
30 – 39	3.25%
40 – 49	3.75%
50 – 59	4.25%
60 – 69	4.75%
70 – 79	5.25%
80 – 89	5.75%
90 or more	6.25%

The member will be provided the opportunity to contribute to the Plan up to the Company contribution level on a voluntary basis.

- 03. The Company will introduce a Group Registered Retirement Savings Plan (RRSP) for employees who wish to make, on a voluntary basis, contributions to such a plan.
- 04. A joint pension committee will be formed with representation from the Company and both mill unions.

47. TIMEKEEPING RULES

01. The Company agrees that an employee will be advised of any correction in his time on the distribution sheet by his supervisor giving consideration to problems of notification that arise just prior to the conclusion of the pay period.

When it has been substantiated by the Pay Department that an employee is underpaid in the amount of four (4) hours or more due to a Company error, a cheque or cash will be issued as soon as possible but the delay will not exceed twenty-four (24) hours, excluding Saturday, Sunday and holidays.

The unit of timekeeping is one-tenth (1/10) of an hour or six (6) minutes.

02. The pay periods shall be fourteen (14) consecutive days commencing at 7:00 a.m. (day workers) or 6:00 a.m. (tour workers) on a designated Monday. The regular pay days of the Company shall be bi-weekly.
03. Employees shall not be allowed to draw pay in advance of payday except in case of extreme emergency such as sickness, death in family, etc., and then only on authority of the department head. Such advance in no case shall exceed the pay earned less normal payroll deductions, except that any employee shall have the privilege of drawing his vacation pay in advance of his vacation.
04. The Company agrees to pay Union executives for time off on Union business and the Union agrees to reimburse the Company for invoiced costs. The Union will make written requests on Company-approved forms.

48. COMPULSORY SAFETY EQUIPMENT

All compulsory safety equipment will be supplied by the Company saving and excepting safety shoes which shall be subsidized as per Article 42.

49. MILL RULES

It is understood and agreed that all rules, regulations and instructions of the Company which do not conflict with the provisions of this Agreement or the Provincial or Federal Laws, are affirmed, and will continue in full force and effect during the life of this Agreement or any extension thereof.

50. DIRECT BANK DEPOSIT

All employees shall have their wages paid by direct bank deposit to a local chartered bank or credit union pursuant to the written instructions of the employee.

All employees will have their wages paid by direct bank deposit to any Canadian chartered bank or credit union pursuant to the written instructions of the employee.

HOURLY RATE SCHEDULE

TERRACE BAY PULP INC.
(hereinafter referred to as the Company)

And

UNITED STEELWORKERS, LOCAL 665
(hereinafter referred to as the Union)

	August 29, 2006		August 29, 2007		August 29, 2008		August 29, 2009		August 29, 2010	
<u>ENGINEERING TRADES</u>										
Enhanced Lead Hand	34.60		34.60		34.60		35.29		36.00	
Head Instrument Mechanic	30.40	31.12	30.40	31.12	30.40	31.12	31.01	31.74	31.63	32.37
Instrument Mechanic	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
H. V. Man	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Head Millwright	30.40	31.12	30.40	31.12	30.40	31.12	31.01	31.74	31.63	32.37
Millwright	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Head Tradesman - Shops	30.40	31.12	30.40	31.12	30.40	31.12	31.01	31.74	31.63	32.37
Machinist	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Sheet Metal Man	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Head Auto Mechanic	30.40	31.12	30.40	31.12	30.40	31.12	31.01	31.74	31.63	32.37
Auto Mechanic	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Welder	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Head Carpenter	30.40	31.12	30.40	31.12	30.40	31.12	31.01	31.74	31.63	32.37
Carpenter	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Head Pipefitter	30.40	31.12	30.40	31.12	30.40	31.12	31.01	31.74	31.63	32.37
Pipefitter	29.62	30.04	29.62	30.04	29.62	30.04	30.21	30.64	30.81	31.25
Head Oiler	31.12		31.12		31.12		31.74		32.37	
Oiler	29.62		29.62		29.62		30.21		30.81	
Scaffolder	26.41		26.41		26.41		26.94		27.48	
Helpers (all trades)	23.67	24.18	23.67	24.18	23.67	24.18	24.14	24.66	24.62	25.15
Trade Trainees	24.02	30.04	24.02	30.04	24.02	30.04	24.50	30.64	24.99	31.25
Tour Tradesman	30.71		30.71		30.71		31.32		31.95	
Labourer	23.18		23.18		23.18		23.64		24.11	

Notes:

.. The rates do not reflect the \$0.50 / hour for advanced instrumentation course.

	August 29, 2006	August 29, 2007	August 29, 2008	August 29, 2009	August 29, 2010
<u>WOODHANDLING</u>					
W/H Lead Operator	30.36	30.36	30.36	30.97	31.59
Woodroom Helper	26.41	26.41	26.41	26.94	27.48
Heavy Equipment Operator	24.95	24.95	24.95	25.45	25.96
Chip Unloader	23.90	23.90	23.90	24.38	24.87
Utility Man	23.87	23.87	23.87	24.35	24.84
Drumfeed	23.68	23.68	23.68	24.15	24.63
Utility (Bark & Grit)	23.40	23.40	23.40	23.87	24.35
Labourer/Relief Person	23.18	23.18	23.18	23.64	24.11
Knife Grinderman	26.02	26.02	26.02	26.54	27.07
<u>PULP CONVERSION - NO. 2 MILL</u>					
No. 2 Bleach Operator	29.66	29.66	29.66	30.25	30.86
No. 2 Bleach 1st Helper	26.41	26.41	26.41	26.94	27.48
Chemical Preparation	25.76	25.76	25.76	26.28	26.81
Digester Cook	29.66	29.66	29.66	30.25	30.86
No. 2 Brown Stock Operator	27.75	27.75	27.75	28.31	28.88
Blow Heat Operator	26.28	26.28	26.28	26.81	27.35
No. 3 Machine Tender	29.66	29.66	29.66	30.25	30.86
No. 3 Back Tender	26.95	26.95	26.95	27.49	28.04
No. 3 Line Attendant	25.00	25.00	25.00	25.50	26.01
Shipper	24.73	24.73	24.73	25.22	25.72
Sr. Pulp Loader	24.10	24.10	24.10	24.58	25.07
Labourer/Relief Person	23.18	23.18	23.18	23.64	24.11

	August 29, 2006	August 29, 2007	August 29, 2008	August 29, 2009	August 29, 2010
<u>PULP CONVERSION – NO. 1 MILL</u>					
No. 1 Bleach Operator	27.96	27.96	27.96	28.52	29.09
No. 1 Bleach 1st Helper	25.40	25.40	25.40	25.91	26.43
No. 1 Brown Stock Operator	25.00	25.00	25.00	25.50	26.01
Screen Room Operator	24.44	24.44	24.44	24.93	25.43
No. 1/2 Machine Tender	27.96	27.96	27.96	28.52	29.09
No. 1/2 Back Tender	25.97	25.97	25.97	26.49	27.02
No. 1/2 Line Tender	24.51	24.51	24.51	25.00	25.50
No. 1/2 Pulp Loader	24.10	24.10	24.10	24.58	25.07
Labourer/Relief Person	23.18	23.18	23.18	23.64	24.11
<u>TECHNICAL</u>					
Laboratory Assistant	25.99	25.99	25.99	26.51	27.04
Laboratory Assistant - Relief	25.49	25.49	25.49	26.00	26.52
Pulp Grader	24.62	24.62	24.62	25.11	25.61
Pulp Grader Relief	24.62	24.62	24.62	25.11	25.61
<u>SERVICES</u>					
Fire Prevention Assistant	25.88	25.88	25.88	26.40	26.93
Engineer (Diesel)	25.07	25.07	25.07	25.57	26.08
First Switchman	24.08	24.08	24.08	24.56	25.05
Second Switchman	23.77	23.77	23.77	24.25	24.74
Heavy Equipment Operator	24.55	24.55	24.55	25.04	25.54
Truck Driver	23.56	23.56	23.56	24.03	24.51
Janitor	23.21	23.21	23.21	23.67	24.14
Labourer/Relief Person	23.18	23.18	23.18	23.64	24.11
<u>WAREHOUSE</u>					
Senior Head Stockperson	27.56	27.56	27.56	28.11	28.67
Head Stockperson	25.33	25.33	25.33	25.84	26.36
Checker	24.44	24.44	24.44	24.93	25.43
Labourer/Relief Person	23.18	23.18	23.18	23.64	24.11

	Tuesday, August 29, 2006	Wednesday, August 29, 2007	Friday, August 29, 2008	Saturday, August 29, 2009	Sunday, August 29, 2010
<u>STEAM PLANT</u>	0 4 3 2	0 4 3 2	0 4 3 2	0 4 3 2	0 4 3 2
Shift Engineer	33.79	33.79	33.79	34.47	35.16
Recovery Operator (3rd Class)	30.16 30.42 31.23	30.16 30.42 31.23	30.16 30.42 31.23	30.76 31.03 31.85	31.38 31.65 32.49
Power Boiler Operator (3rd Class)	29.49 29.66 30.47	29.49 29.66 30.47	29.49 29.66 30.47	30.08 30.25 31.08	30.68 30.86 31.70
Evaporator Operator (3rd Class)	28.49 28.76 29.54	28.49 28.76 29.54	28.49 28.76 29.54	29.06 29.34 30.13	29.64 29.93 30.73
Senior 2nd Fireman (3rd Class)	28.13 28.40 29.21	28.13 28.40 29.21	28.13 28.40 29.21	28.69 28.97 29.79	29.26 29.55 30.39
Rec. Field Operator (3rd Class)	26.86 27.13 27.93	26.86 27.13 27.93	26.86 27.13 27.93	27.40 27.67 28.49	27.95 28.22 29.06
Junior 2nd Fireman (3rd Class)	25.97 26.25 26.99	25.97 26.25 26.99	25.97 26.25 26.99	26.49 26.78 27.53	27.02 27.32 28.08
Day Unloader	23.92	23.92	23.92	24.40	24.89
<u>CAUSTICIZING</u>					
#2 Caustic Operator	29.66	29.66	29.66	30.25	30.86
Lime Kiln Operator	25.35	25.35	25.35	25.86	26.38
Caustic Area Field Operator	24.08	24.08	24.08	24.56	25.05
Labourer/Relief Person	23.18	23.18	23.18	23.64	24.11

APPENDIX A

LAY-OFF POLICY

1. Formulated by Joint Union-Management Committee.
01. The following is set out as the method to be used in making demotions and effecting lay-offs when reductions in personnel are necessary because of curtailment of operations, lack of work, etc.
02. It is difficult to lay down hard and fast rules to cover all cases. It is therefore considered advisable to generally follow the rules set out, but where there are cases of an unusual character and Management has reason to believe they should be deviated from, or if the rules do not appear to clearly define the action to be taken in a specific case, Management will discuss the case with the Union before taking action.
03. These policies cover members of the United Steelworkers, Local 665, and the I.B.E.W., Local Union 1861, only and when Company seniority is referred to here, concerns only these Unions and specifically excludes Security Guards and all salary paid occupations.
2. **SENIORITY – DEFINED**
01. COMPANY SENIORITY - is the length of continuous service of an employee with the Company measured from the date he begins work with the Company. Seniority is lost when an employee's service is broken by being separated from the payroll for any reason. If re-employed after separation, seniority starts from the latest date of continuous employment.
02. JOB SENIORITY - is the length of continuous service of an employee measured from the date he begins work on a job on a permanent basis. If an employee is placed on a job on a temporary basis and such placement later becomes permanent, his job seniority will date back to the start of his last period of continuous service on that job.
03. JOB PROGRESSION SENIORITY - shall be the continuous length of service of an employee measured from the date he begins work in his present line of progression. If an employee is placed in the line of progression on a temporary basis and such placement later becomes permanent, then his job progression seniority will date back to the start of his last period of continuous service in the progression line.
04. When there is equal job seniority, the employee with the highest Company seniority shall be considered senior.
05. No consideration because of seniority will be given to an employee with less than thirty (30) days of service.

3. **TEMPORARY PAYROLL**

01. EMPLOYEES

Employees hired for temporary work shall be so informed at the time of employment. When notifying the Union of hires and releases, the Company will indicate those who are on the temporary payroll.

02. LAY-OFFS

- (a) All employees on the temporary payroll shall be laid off before an employee on the regular payroll is laid off unless, in the opinion of management, the temporary employee has skills and qualifications deemed to be needed on an ongoing basis for the efficiency of operations.
- (b) Employees hired for the temporary payroll shall be laid off by departments or sections on the basis of seniority.

4. **LAY-OFFS - REGULAR EMPLOYEES**
(on Model Payroll permanent job classification)

01. When it can be foreseen that there is likely to be a reduction in a crew and vacancies occur in another crew, it will be the policy of the Company to make transfers to fill such vacancies from the crew which may be subject to a lay-off rather than fill vacancies by new hiring.

02. Where there is a recognized line of progression, selection for lay-off will be effected as follows:

- (a) Starting from the job classification where the reduction is to take place, an employee (or employees) shall be demoted to the next lower job classification; in each classification then employee or employees with the lowest job progression seniority being demoted to the next.
- (b) When the lowest job classification in the progression line has been reached, the employee or employees to leave that occupation in a section or department will be those with the least job progression seniority.
- (c) An employee required to leave his occupation in his section or department will have the right to displace the employee with the least seniority in the Company providing:
 - i. The employee has more Company seniority than the worker to be displaced.
 - ii. That the job in the department to which he is to go has a rate equal to or less than his present rate.
 - iii. That in the opinion of Management the employee possesses the necessary qualifications and ability to perform the work effectively. A trial or training period may be provided.
 - iv. That if the employee is not qualified to fill the vacancy where the employee with the least job seniority is working, but is qualified to a job where another with less seniority is working, every effort will be made to effect suitable transfers. Such

transfers should have the end result of providing the senior employee with employment.

- v. That he accepts the opportunity of other work offered him within forty-eight (48) hours.

03. After completion of a transfer or demotion in accordance with the above, the employee begins to acquire job seniority in his new section or department, with the right to progress to higher classification.

04. Where there is no line of progression, except as provided in 05., the junior employee in the occupation affected shall leave the occupation and shall have the same opportunity to replace the employee with least seniority in another department or section subject to the conditions set out in 02.(c) above.

05. TRADESMAN

(a) Cases of lay-off from tradesmens' occupations, where there are helpers in that trade, will be treated as if there were a direct line of progression from helpers in that occupation.

Example: Millwright helpers to Millwright.

(b) Fire Prevention Assistant. Lay-off from this occupation will be treated as if there were a direct line of progression from Labourer (Services) to Fire Prevention Assistant.

06. RETURN RIGHTS

Employees who currently hold model payroll positions and who are displaced to another model payroll position through the cutback and layoff process will have return rights to their former department or position(s).

5. **TEMPORARY LAY-OFFS**

Where it is necessary for Management to lay off employees for a temporary period, it will not be obligatory to follow the procedure outlined above. However, Management will define what it considers to be the most suitable action to take and will discuss the matter with the Union representatives before a final decision is made.

Charts showing lines of progression and demotion shall be kept by the Company and be available to the Union.

APPENDIX B

INSTRUMENTATION TRAINING COURSE

The parties agree to discuss the upgrading and training of employees in the Electrical/Instrument Department at the local mill level. The rules and conditions governing the implementation of such programs shall be negotiable. Programs approved as required shall be administered by a joint Union-Company committee. It is the Company's responsibility to provide these programs.

INSTRUMENT MECHANICS

To qualify for the Fifty Cents (\$0.50) an hour premium in addition to regular 'A' rate of pay, tradesmen must meet the following criteria:

- (a) successfully complete the thirty-six (36) week Confederation College program in instrumentation, successfully complete the Company's instrument mechanics apprenticeship, be at the 'A' rate of pay, OR;
- (b) successfully complete the Joint E/I Committee's approved electronic training course and demonstrate an ability to work with electronics, OR;
- (c) have the equivalent training courses in electronics that would be reviewed and approved by the Joint Electrical/Instrumentation Committee and demonstrate an ability to work with electronics.

Tradesmen who require training (Joint Committee's approved electronic training course) and who have not previously taken the course and who successfully complete the first half of the course shall receive an interim rate of Thirty Cents (\$0.30) per hour, and upon successful completion of three-quarters of this course shall receive an interim rate of Forty Cents (\$0.40) per hour providing in each case they continue with and successfully complete the entire course.

If the employee withdraws from the course or fails to successfully complete any portion of the course, the premium rate will be discontinued.

The administration of this Advanced Electrical / Instrumentation Program will be by a joint Union-Company committee.

APPENDIX C

TRADES TRAINING AND APPRENTICESHIP PROGRAM

1. PURPOSE

It is the policy of the Company to conduct a Trades Training Program in order to have an adequate supply of skilled tradesmen available. It is the intent of this program to train mill employees as Tradesmen when qualified candidates are available. The policy does not preclude obtaining candidates from outside of the bargaining unit or the hiring of skilled tradesmen.

2. ADVISORY COMMITTEE

01. The Committee shall consist of five (5) Union members: three (3) from United Steelworkers, Local 665; one (1) from Local 1861, I.B.E.W.; one (1) Trades Trainee from either U.S.W. or I.B.E.W.; three (3) Company representatives and the mill Training Coordinator.
02. The mill Training Coordinator will act as Secretary and the committee will determine the time and place of regular meetings.
03. The duties of the Committee shall be to periodically review policies and problems relating to the Apprenticeship Program and recommend changes and solutions.

3. DEFINITION OF APPRENTICE

An apprentice shall be a person who will be at least eighteen (18) years of age in the year of their introduction into the trade, who has entered into a written apprenticeship contract for a certain trade, of a reasonable continuous employment for his participation in an approved schedule of work experience during such employment, and the taking of a suitable related training course.

4. The minimum educational standard for entry into the apprenticeship program shall be the Ontario Grade 12 or equivalent.

All vacancies for trades training shall be posted. Applicants must first meet the educational standards as established (Section 4) before applying for and taking the mechanical aptitude or other tests and a personal interview as required for qualification to enter the program. A Union representative of the apprenticeship committee shall be present when applicants are taking the required aptitude exam.

Mill employees, by seniority, who meet the required standard of qualification as established, shall be given preference. Applicants must be physically capable of handling the duties of the trade for which they may be selected. If the senior applicant is not

selected, the Company will advise the Union concerned which will have the opportunity to discuss, with the Company, the reason the senior employee is not being selected.

For each employee of the bargaining unit selected, the Company shall retain the right to select one (1) candidate from outside the bargaining unit.

5. **TERMS OF APPRENTICESHIP**

01. The period of apprenticeship shall be compatible with the Ministry of Colleges and Universities. After graduation, the apprentice will automatically progress to journeyman top rate during the next eighteen (18) months of satisfactory work performance.
02. The first ninety (90) days of the first year will be considered entirely as a probationary period and the person's continuance as an apprentice depends upon ability and progress as demonstrated during this trial period.
03. To be eligible for advancement at the end of any period, an apprentice must have completed their shop work to the satisfaction of the shop supervision and their technical training to the satisfaction of the trade school.
04. An apprentice who does not qualify for advancement at the end of any period (with the exception of the first one) shall be considered as re-entering upon a trial period, and shall be notified, in writing, as to the nature of their unsatisfactory work by their immediate supervisor. Such notification shall be subject to a review by the Apprenticeship Committee. If he does not qualify after three (3) additional months, that person shall be released from the Apprenticeship Program.

NOTE: The apprentice will only be allowed one (1) three (3) month extension during their apprenticeship.

An employee released from the Apprenticeship Program who transferred to the Engineering-Trades Department from another mill department shall displace the most junior Cleaner or Labourer in the mill holding a regular job position, providing the trainee has greater Company service seniority than the junior Cleaner or Labourer being displaced.

An employee displaced from the program who entered the Engineering-Trades Department from outside the bargaining unit and is released from the program shall be released from the payroll.

6. **CONTINUITY OF EMPLOYMENT**

The Company will encourage continuous employment for all apprentices under agreement in accordance with these standards. If an apprentice is cut back because of business conditions or major disaster, they will be reinstated before any additional apprentices or Journeymen are employed in their trade.

7. **SCHEDULE OF WORK EXPERIENCE**

The apprentice, during the term of apprenticeship, shall receive such broad experience and training on the job as is necessary to develop a practical and skilled tradesman. This will include work both in and out of the shop. It is recognized that no definite sequence of work experience can be established. It is suggested, however, that an agreed-to schedule be adhered to in the fullest extent possible, consistent with the trade conditions.

Qualified supervision shall be defined to mean the degree and closeness of supervision necessary to teach good workmanship consistent with work schedules. It shall not mean that the apprentice at all stages of his training must be accompanied by his supervisor or journeyman, for as the apprenticeship advances, so will the degree of performance and amount of responsibility.

It is understood that an apprentice will not be promoted on a temporary basis as a tradesman during the first four thousand (4000) hours of apprenticeship. The minimum journeyman trade rate will be applicable when an apprentice is assigned the responsibility to work on a job requiring the skills of a journeyman tradesman. When such trainees are required to be set up, on a temporary basis, the senior trainee in the area crew assigned will be given preference.

8. **LOG BOOK**

Upon entering an apprenticeship, the employee will be furnished with a log book by the Ministry of Education and Training. The log book will be verified by the supervisor in charge when requested.

9. **HOURS OF WORK**

The work day and work week and conditions associated therewith shall be the same for apprentices as for the "Day Worker" journeyman (as per Collective Agreement).

10. **RATES OF PAY**

The schedule of rates for apprentices will appear in the main wage schedule.

01. Probationary apprentices (one thousand [1000] hours) shall receive eighty percent (80%) of maximum journeyman rates.
02. A two percent (2%) increase of the maximum journeyman rate every one thousand (1000) hour period thereafter until they reach maximum journeyman rate. Upon proof of receiving Certificate of Qualification proceed immediately to journeyman rate.
03. All increases are conditional upon satisfactory completion of each step of the Apprenticeship Program.

04. If the apprentice defers a school term and because of this deferral he proceeds beyond his government contract hours, all increases will be withheld at the rate achieved at that time until all schooling is satisfactorily completed.

11. **CERTIFICATE OF APPRENTICESHIP**

As per Ontario Ministry of Education and Training legislation.

12. **OBLIGATIONS OF AN APPRENTICE**

Every apprentice shall:

01. Attend regularly such classes in trades training and related subjects as may be required by the Company or by Government legislation.
02. Suffer loss of wages for non-attendance at prescribed day classes and incur the cancellation of the apprenticeship contract for wilful failure to attend day or evening classes where such failure could reasonably have been avoided.
03. The apprentice is subject to all provisions of the Collective Agreement.
04. As a tradesman, it will be to his personal advantage to keep up-to-date with any advances in his field. In some cases, the Company should be prepared to aid the employee, either with classes, courses or literature.

13. **TRADESMAN TOOL REQUIREMENTS**

It is understood that during the period of apprenticeship, an apprentice will accumulate the tools of his trade in a predetermined manner and in accordance with the Company-approved tool list requirements, related to the increase of responsibility as his apprenticeship progresses. Before being promoted to journeyman status, an apprentice must satisfactorily prove to his supervisor that he has all the necessary tools to perform within that category.

APPENDIX D

JOB POSTING

1. JOB POSTING – GENERAL

01. INTENT

The Company recognizes the principle of Company service seniority within the bargaining unit for posting to all model payroll job positions and departmental seniority for promotion through job posting to non-progression jobs, providing the employees meet the qualifications as established and possess sufficient physical development to perform the duties of the posted job position. The senior employee with the minimum necessary qualifications shall be given preference.

02. Journeyman trade positions are not open to job posting. Employees with journeyman qualifications should ensure they have applications on file for trades positions.

03. The following lists the educational and other qualifications required for entry into each department, the progression lines and for specific non-progression jobs:

DEPARTMENT

EDUCATIONAL LEVEL & OTHER QUALIFICATIONS ESTABLISHED

WOODHANDLING

Knife Grinderman/Saw Filer
Chip Unloader

Grade 11
Grade 12
Grade 11

STEAM/RECOVERY

Causticizing

Grade 12 or equivalent & 4th Class
Ticket
Grade 12

PULP CONVERSION OPER'NS

Brown Stock/Digesters
Bleachery
Machine Room
Pulp Storage

Grade 12
Grade 12
Grade 12
Grade 11

TECHNICAL

Pulp Inspector

Grade 12

SERVICES

Labourer
Truck Driver

Grade 11
Grade 11

WAREHOUSE

Grade 12

ENGINEERING - TRADES

Oiler

Grade 11 plus mechanical
aptitude test

The educational standards may be waived if the employee demonstrates the ability to perform the duties of the job to the satisfaction of the Company. The aforementioned educational levels and other test standards do not restrict the Company from hiring temporary employees for vacation, illness relief or for seasonal employment with less qualifications.

NOTE: The Company, in conjunction with the local high school, will develop a "Progressive Achievement Test" involving Mathematics, Chemistry, Physics, and English that will establish a level of education, grades 11 to 12 inclusive, for the purpose of qualifying for job-posted positions. This test will be administered by the Human Resources Department.

2. JOB POSTING - BASE RATE JOB POSITIONS - ALL DEPARTMENTS

01. Vacancies for all model payroll jobs (excluding vacation, illness relief and seasonal work) shall be posted on job posting boards for a period of five (5) days (excluding Fridays, Saturdays, Sundays and statutory holidays).
02. Applications for posted job vacancies must be submitted personally by the employee to the Human Resources Department prior to the closing date and time as noted on the posted job notice. The Union will be furnished with a list of all applicants bidding for each posted job.
03. All employees shall be eligible to post for model payroll positions.
04. The successful applicant for the posted job vacancy shall be:
 - (a) The model payroll employee with the most Company service seniority (based on the last date of hire), who has the required educational level and such other qualifications as established by the Company.
 - (b) A temporary employee who has the required educational level and other such qualifications will be considered as per the Memorandum of Agreement.
05. The successful applicant will be subject to a thirty (30) day probationary period in the posted job position during which time the employee may return to his former position, if he so desires or if found unsatisfactory by the Company. Should this occur, the employee will return to his former position with no loss of seniority.
06. An employee who accepts a position through job posting or returns to his position by his choice within thirty (30) days will not be eligible to apply for a second job posting within twelve (12) months of the date the employee's seniority protection expires on his current posted job position.

07. No employee may hold departmental seniority in more than one department except during the thirty (30) day probationary period as a result of transfer.
08. Seniority protection will not be extended beyond the thirty (30) day probationary period except in cases of absence due to illness or accident and in such event the seniority protection shall not exceed the period of absence, maximum ninety (90) days.
09. Until the posted job vacancy is filled, the job position shall be filled by temporary employees within the department.
10. Vacancies as a result of employees being off work due to illness or accident shall not be open for job posting until the employee is placed on Long-Term Disability. If the vacancy is the result of an industrial accident, the job will be posted after one (1) year of absence.

If, and when, the absent employee returns to his job position held prior to the commencement of the disability, the junior employee in the progression line will be removed, and if more than thirty (30) days has expired, the employee will displace the junior model payroll employee in the mill holding a regular job position, providing the employee has more Company service seniority and meets the standards established for the department.

11. To eliminate the delays in assignment for job posting, employees off work due to illness, off-duty accident, industrial accident, pregnancy leave or parental leave will be allowed to apply for posted job positions in accordance with Article 1 providing their absence from work is determined to be sixty (60) days or less.
12. Employees on vacation may submit a "BLIND" job posting application no earlier than five (5) days prior to the commencement of such vacation time. If no jobs are posted during the vacation period as stated on the application, it should be void and destroyed.
13. A joint Union/Management committee shall be established to review job posting applications.
14. The Company and the Unions agree that by mutual agreement, the procedure for job posting may be waived under special circumstances which would otherwise jeopardize an employee's right to continued employment.

3. **JOB POSTING - DEPARTMENTAL PROMOTIONS
- NON-PROGRESSION JOBS**

01. Vacancies for all non-progression jobs within a department (excluding temporary vacation, illness relief or seasonal work) shall be posted on the job posting board for a period of five (5) days (excluding Fridays, Saturdays, Sundays and statutory holidays).

02. Employees within the department shall have first rights to the posted job vacancy based on their departmental seniority and providing they have the required educational level and such other qualifications as established by the Company.
03. If no employee within the department accepts the job posting, the job vacancy will be posted mill wide.
04. Employees who provide regular relief in a job vacancy in their department and possess the necessary knowledge will be given preference to the vacancy without job posting based on departmental seniority.

APPENDIX E

STEAM PLANT STATIONARY ENGINEERS CERTIFICATION PROCEDURE

The intent of this procedure is to establish criteria for employees in the Steam and Recovery Department to attain Stationary Engineer's certification, endeavouring to ensure the availability of qualified manpower.

The Company will establish the criteria for entry into the department. The minimum educational standard for entry into the department shall be the Ontario Grade 12 or equivalent and a Fourth (4th) Class Stationary Engineer Certification.

1. GENERAL

- 1.1 A joint Union-Management committee comprised of two (2) representatives of United Steelworkers, Local 665, two (2) representatives of the Company and the mill Training Coordinator as Secretary will be established.
- 1.2 The purpose of the committee is to review the progress of Steam Plant personnel endeavouring to obtain their 3rd Class Stationary Engineers certification and make recommendations regarding their progress.
- 1.3 All job positions from Junior 2nd Fireman level to Recovery Operator require a 3rd Class Certificate. Employees with less qualifications may be assigned these jobs on a temporary basis only until such time as a 3rd Class Certificate holder is available.

2. JOB SENIORITY

- 2.1 Employees shall establish their seniority within the department by job position within the progression line and by certificate of qualification as established by this procedure.
- 2.2 In the event of a manpower reduction, employees shall move back by job progression and by certificate of qualification, the junior employees being displaced.

3. THIRD CLASS CERTIFICATE

The following establishes job seniority by certificate of qualification.

- 3.1 An employee who presents an official statement that he has successfully completed the modular exams for a 3rd Class Certificate shall establish his seniority on the date the document is presented to the Stationary Engineer in charge of the department, providing they have completed the required qualifying time to obtain his Stationary Engineer's Certificate.

- 3.2 The employee with the official document (as per 3.1) shall be the senior employee over any other employee with a 4th Class certificate on that job level.
- 3.3 If there are employees at a higher job progression level with a 4th Class Certificate, the employee shall proceed to that job position after completing sixty (60) days at each successive job level in order to establish job seniority.

NOTE: Time worked at each higher job level as a result of shift move-ups or for periods of temporary relief will not be included as time in the sixty (60) day job seniority period.

4. **HIRING**

- 4.1 A qualified employee hired to fill a position requiring a specific certificate with no previous pulp mill steam recovery experience, will be required to train at the lower level jobs for a period of time as required and established by the senior Stationary Engineer in charge of the department before being assigned to the specific position for which he was hired.
- 4.2 During this training period, the employee will be paid the rate of the job for which he was hired.
- 4.3 In case of introduction of new equipment or procedures, Terrace Bay Mill employees with the proper certificate of qualification shall have the first opportunity and shall be given sufficient time to be trained on that equipment or procedure.

5. **RELIEF PERSONNEL**

- 5.1 Employees hired for illness and vacation relief are required to have their 4TH Class Certificate but shall not exercise their certificate of qualification until they are established by seniority on a regular job position and no longer classified as temporary within the Steam Department.
- 5.2 The employees shall attain regular jobs in the department through job posting.

6. **COMMITTEE**

- 6.1 When an employee is assigned to a regular job position in the Steam Recovery Department either by transfer or direct hire, he shall be instructed as to the requirements as established in this procedure.
- 6.2 The Union representatives of this committee shall be notified when employees are assigned to a regular job position in the department so that the Union may explain the seniority system and the thirty (30) day protection policy for transfers.

APPENDIX F

5 x 8 WORK SCHEDULE

The following will apply to any day crew which adopts the 5 x 8 work schedule.

CONTRACTUAL LANGUAGE INTERPRETATION

ARTICLE 18 - HOURS OF WORK - DAY WORKERS

01. The normal hours of work for day workers shall be from 7:00 a.m. to 12:00 noon and from 12:30 p.m. to 3:30 p.m., Monday through Friday, except when otherwise mutually agreed upon.

ARTICLE 26 - REST PERIOD AFTER EXCESSIVE HOURS OF WORK

02. Day workers who follow regular shift hours, 7:00 a.m. to 3:30 p.m., who are called in, will be allowed equivalent time off with pay (rest period) for time worked between 11:00 p.m. and 7:00 a.m., provided in every case the work commenced on or before 3:00 a.m. The rest period shall be taken during the following normal work day. The employee will be entitled to a minimum rest period of sixty (60) minutes for the first call-in in any calendar day.

ARTICLE 33 - JURY DUTY PAY

01. Employees will be reimbursed for the difference between subpoenaed witness and jury duty pay and regular straight time pay for scheduled hours lost. Regular straight time pay means eight (8) hours at the regular straight time rate of the job at which the employee would have worked had he not been on jury duty.

APPENDIX G

28-DAY TOUR WORKER SCHEDULE

The following will apply to any crew which adopts the 28-day work schedule.

CONTRACTUAL LANGUAGE INTERPRETATION

ARTICLE 19 - HOURS OF WORK - TOUR WORKERS

01. The schedule of hours for tour workers and the hours on which tours shall change shall be from 6:00 a.m. to 2:00 p.m., 2:00 p.m. to 10:00 p.m., and from 10:00 p.m. to 6:00 a.m., except as mutually agreed.
05. If a tour worker does not report for his regular shift, his mate shall notify the department superintendent or foreman. He shall then remain at his post until a substitute is secured or his foreman decides it is not necessary for him to remain.

The superintendent or foreman will notify the third member of the twenty-four (24) hour crew if requested to do so by the employee remaining on shift. It is the responsibility of the three employees and of the Union to provide for continuous twenty-four (24) hour operations per day.

06. When a vacancy occurs for any reason and qualified help is available, promotions will be made from among the employees on the same shift in which the vacancy occurs. This will apply in all cases except permanent promotions and determined absences of sixty (60) days or more in duration, excluding absence for vacation. The senior tour worker next in line for the job will be promoted, with consequent promotions all down the line and securing the necessary help to fill the vacancy this created in the lowest category job if necessary. Such seniority promotions will be made the week following the date the absence is determined. If qualified help is not available on the shift, the job on which the vacancy exists will be divided into two (2) twelve (12) hour shifts. The junior employee in the department will be required to move to the shift needing the replacement.

09. RATES OF PAY - 28-DAY WORK SCHEDULE

(h) When it is determined that a vacancy exists, twelve (12) hour shifts and regular days off shall be scheduled. Instead of bringing the tour worker back earlier from his day of rest, the tour worker on shift will work sixteen (16) hours.

ARTICLE 33 - JURY DUTY PAY

03. Employees will be reimbursed for the difference between subpoenaed witness and jury duty pay and regular straight time pay for the scheduled hours lost. Regular straight time pay means eight (8) hours at the regular straight time rate of the job at which the employee would have worked had he not been on jury duty.

APPENDIX H

INTOXICANTS IN THE WORKPLACE

The abuse of drugs and alcohol is recognized as a contributor to poor job performance and an unsafe work environment. It is also recognized as a disruption of family and social life, and contributes to the deterioration in emotional and physical well-being. It is regarded as a disease having many causes both personal and social, but a disease nonetheless. This, however, can be successfully treated, provided the affected individual is sufficiently motivated and rehabilitation efforts are aided by an understanding family, employer and associates.

Terrace Bay Pulp Inc. management and the local Unions are committed to the objective of creating a workplace free of drug and alcohol abuse. The use, sale, or possession of alcohol and controlled substances in the workplace is prohibited. It is not our intent to mandate morality, but to take appropriate action when conduct appears to impact job performance or bring public discredit to the Company, Unions, or employees.

The methods by which we intend to accomplish our objectives are:

1. We will use Section 39.01 of the Collective Agreement to enforce the policy.
2. We expect all leaders and fellow employees to confront this issue and to follow the policy.
3. We will educate all employees.
4. We will provide help for those who need it through the effective use of an Employee and Family Assistance Program (EFAP).

Education

- A joint Union/Management EFAP education committee has adequate resources and time to ensure high quality education and training programs are developed and delivered for the site.
- All employees will be informed of the commitment to work toward an environment free of drug and alcohol issues.
- Leaders will receive training in the recognition of drug and alcohol abusers and methods to deal with them.

Rehabilitation

- An effective means to motivate drug and alcohol abusers to receive treatment is through the successful utilization of an Employee and Family Assistance Program
- Our experience has clearly shown that peer pressure is a very effective tool. We are all aware of fellow employees who have encountered problems, utilized the services of the EFAP and who are now some of our most valued employees.

Ratified at Terrace Bay, Ontario this 29th day of August, 2006.

Terrace Bay Pulp Inc.

United Steelworkers, Local 665

MILL RULES

1. SAFETY

All employees must read and observe the Safety rules. Copies will be made available to all employees.

2. MEETING ATTENDANCE PAY

The following provisions shall govern the pay for hourly paid employees including officers and stewards of the Union when attending meetings with representatives of management.

01. CONTRACT NEGOTIATIONS, WAGE ADJUSTMENT AND GRIEVANCE ADJUSTMENT MEETINGS HELD AT THE REQUEST OF THE UNION

- (a) Pay shall not be allowed for contract negotiations and wage adjustment meetings regardless of whether the employees, Union officers and stewards would otherwise be at work or not.
- (b) The Union may request a meeting with management representatives during working hours to discuss grievances or interpretations of the Labour Agreement. Union officers, stewards and aggrieved employees present who would otherwise be at work shall not be docked for the time spent in the meeting up to a limit of two (2) hours.
- (c) Employees shall not be paid for that portion of the meeting time which extends the two (2) hour maximum allowance. Those persons present at such meetings, who are “off duty” shall not be paid for time spent in the meeting.

02. MEETINGS HELD AT THE REQUEST OF THE UNION WHICH DO NOT INVOLVE CONTRACT NEGOTIATIONS, WAGE ADJUSTMENTS OR GRIEVANCE ADJUSTMENT

Such meetings may be held during regular working hours and employees in attendance shall not be docked from their regular day’s pay. It is expected that under normal circumstances employees will leave the job, attend the meeting and report back to work for the completion of their shift. Employees who attend such meetings “off duty” shall not be paid.

03. MEETINGS HELD AT THE REQUEST OF MANAGEMENT WHERE ATTENDANCE IS REQUIRED

Employees shall be paid at straight time rates for time actually spent in the meeting which is outside the employee’s regular work period. Employees attending such meetings during their regular work period will not be docked for time spent at the meeting. Such meetings may be scheduled either during or outside the employee’s regular working hours.

04. MEETINGS HELD AT THE REQUEST OF MANAGEMENT AND WHERE ATTENDANCE IS VOLUNTARY

- (a) In the event employees attend such meetings outside of regular working hours, no pay shall be allowed.
- (b) If the meeting is scheduled during the employee's working hours and the employee has the permission of his supervisor to attend such meeting, he will not be docked for the time spent in the meeting.

05. Prior to the commencement of the meeting or training session, Union and Management shall agree as to the purpose of the session and the applicable rates of pay.

3. **ADMITTANCE TO MILL**

01. Employees off duty will be requested to register in Employee's Register at the main mill entrance before visiting the mill.

02. Passes for visitors, Union officials and others will be issued by the Mill Manager.

03. Neither visitors nor employees shall be permitted to take cameras into the mill or to take pictures of any of the Company's equipment.

4. **PASSES TO TAKE OUT PACKAGES**

01. Employees and others taking parcels, materials or equipment from the mill premises must first obtain a written pass properly authorized. This applies to purchases, borrowed equipment, materials of no sales value, equipment which has been brought in for repairs, etc.

02. A workman's tools may be taken out on a pass signed by the Trades Supervisor on a Materials Pass slip.

03. COLLECTION OF PASSES

The Security Guard will collect all passes when the bearer leaves the premises.

5. **BULLETIN BOARDS**

01. The bulletin boards throughout the mill are in the charge of the Human Resources Department.

02. It is not desirable that notices be posted anywhere except on the permanent bulletin boards.

03. The Company shall provide and the Union shall be permitted to utilize one main bulletin board and any additional departmental bulletin boards which may be requested by the

Union solely for the purpose of giving information to its members concerning Union matters. All notices and information to be posted will be submitted to Human Relations prior to posting.

6. **SERVICE RECORD**

01. An employee with one (1) or more years of continuous service shall not have his service record (used to calculate vacation entitlement or pension points) broken by an authorized leave of absence nor by release to the inactive payroll for the first year following the commencement of the absence. However, the record is broken by a release from the payroll for any other reason.
02. Employees who have completed their probationary period, but have less than one (1) year's seniority, will be considered terminated by a lay-off exceeding three (3) months.

LETTER OF UNDERSTANDING

Between

TERRACE BAY PULP INC.
(hereinafter referred to as the Company)

And

UNITED STEELWORKERS, LOCAL 665
(hereinafter referred to as the Union)

RE: ARTICLE 7 – RECALL RIGHTS

1. All model payroll employees as of Date of Ratification of the Memorandum of Settlement, May 31, 2006, will have their recall rights extended until August 31, 2011.
2. Notwithstanding the above provision, any existing employee who refuses recall, quits, is terminated for cause, retires or who accepts severance pay after September 1, 2006 will be deemed to have terminated their employment and will lose all seniority and recall rights. Paragraph 1 will not apply to any employees hired after May 31, 2006.

Ratified at Terrace Bay, Ontario this 29th day of August, 2006.

Terrace Bay Pulp Inc.

United Steelworkers, Local 665

LETTER OF UNDERSTANDING

Between

TERRACE BAY PULP INC.
(hereinafter referred to as the Company)

And

UNITED STEELWORKERS, LOCAL 665
(hereinafter referred to as the Union)

RE: ARTICLE 27- VACATION

ARTICLE 27.05 – VACATION PAY

The Company agrees that the existing rules for vacation pay, as they relate to the application of “card rate”, will apply for the remainder of 2006 and 2007 for those current employees who remain on the payroll and are entitled to vacation pay during this period.

SUPPLEMENTARY VACATION GRANDFATHERING

- (1) The following shall apply to those employees who on January 1, 2006 were eligible to receive the benefit of supplementary vacation during 2006. Once this list of employees has been exhausted, supplementary vacation will no longer apply.

“A supplementary vacation with pay allowance for employees sixty (60) years or over having over twenty-five (25) years of service will be made in the calendar year in which he reaches:

60 years of age – one (1) week
61 years of age – two (2) weeks
62 years of age – three (3) weeks
63 years of age – four (4) weeks
64 years of age – five (5) weeks”

- (2) The following additional vacation time shall apply to those employees who on January 1, 2006 were eligible to receive the benefit of seven (7) weeks of vacation with pay during 2006. Once this list of employees has been exhausted, the seven (7) weeks of vacation will no longer apply to any employees.

“These employees will continue to be eligible for a total of:

Seven (7) weeks vacation with pay after having completed thirty (30) years of continuous service.”

Ratified at Terrace Bay, Ontario this 29th day of August, 2006.

Terrace Bay Pulp Inc.

United Steelworkers, Local 665

LETTER OF UNDERSTANDING

Between

TERRACE BAY PULP INC.
(hereinafter referred to as the Company)

And

UNITED STEELWORKERS, LOCAL 665
(hereinafter referred to as the Union)

RE: ARTICLE 44: COMPANY PAID INSURANCE PREMIUMS

The enrolment criteria applicable to employees shall be those in effect and applied during the term of the previous Collective Agreement between Neenah Paper, Terrace Bay Mill and the Union.

The insurance policies referred to in Article 44 will provide the following coverage (in accordance with the terms of the Policy), effective August 29, 2006:

- | | | |
|-----------------------------|---|---|
| <u>Group Life and AD</u> | - | Maximum \$80,000;
AD – 2 times maximum (inclusive of Group Life). |
| <u>Weekly Indemnity</u> | - | 70% of weekly earnings (excluding overtime pay).
In the first year of hire, benefits are for work service only. |
| <u>Long Term Disability</u> | - | 55% of monthly earnings (excluding overtime pay and night shift differential) to a maximum of \$3,500. |
| <u>Extended Health Care</u> | - | Drugs 80 / 20 co-insurance.
Prescription drug deductibles \$50 / \$100.
Drug policy provides generic drugs unless the prescription does not allow substitution. |
| <u>Dental Care Plan</u> | - | 100% Level 1 and 2, 50% Level 3 and 4.
Combined \$1,500 per calendar year.
Orthodontics 50%, \$2,000 lifetime maximum.
Deductibles \$50 / \$100.
Current ODA. |

Recall oral examination. (Once every 6 months for persons under age 19 and once every 9 months for any other person.)

Vision Care - \$125 per 24 months.

Retirees (post August 29, 2006)

Up to age 65 drug and life insurance coverage.
Retiree must pay the premium cost for the coverage.

Ratified at Terrace Bay, Ontario this 29th day of August, 2006.

Terrace Bay Pulp Inc.

United Steelworkers, Local 665

LETTER OF UNDERSTANDING

Between

TERRACE BAY PULP INC.
(hereinafter referred to as the Company)

And

UNITED STEELWORKERS, LOCAL 665
(hereinafter referred to as the Union)

RE: LUMP SUM PAYMENT

1. Effective July 1, 2008 all employees who have:
 - (a) completed their probationary period, and
 - (b) who are employed on July 1, 2008shall receive a lump sum payment of five hundred dollars (\$500.00).

Ratified at Terrace Bay, Ontario this 29th day of August, 2006.

Terrace Bay Pulp Inc.

United Steelworkers, Local 665

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