SOURCE	Company
EFF.	93 05 01
TERM.	98 04 30
No. OF EMPLOYEES	283
NOMBRE D'EMPLOYÉS	

MEMORANDUM OF AGREEMENT

by and between

NBIP Forest Products Inc.
Dalhousie Mill

and

Communications, Energy and Paperworkers
Union of Canada
Locals 146, 164 and 263

August 29th, 1994

NBIP FOREST PRODUCTS INC.
1993 NEGOTIATIONS
DALHOUSIE MILL
LOCALS 146, 164 AND 263
CONTRACT CHANGES

PREAMBLE:

The following proposals are made conditional to the achievement of a settlement which will result in an annual labour cost reduction equivalent to 12.3% of wages from members of C.E.P. Locals 146, 164 and 263 from May 1st, 1996 to April 30, 2001.

The terms and conditions relative to this labour cost reduction (i.e. employees' investment in the project) and the method of repayment by the Company 'througha profit sharing plan are included in a separate memorandum of agreement which forms part of this agreement.

The parties recognize that such labour cost reductions are essential to allow NBIP partners to follow-up on their commitment to proceed with the installation of a new TMP mill and a secondary effluent treatment plant which will ensure the Mill's competitiveness and viability. Other essential conditions to justify the investment project are a firm commitment from signatory parties to waive their right to strike or lockout until May 1, 2001 and an employment level of less than 452 employees (includingmill, office stevedores, spares, and staff) at the mill.

The above is subject to the achievement of all contributions and conditions required from any other stakeholders.

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GENERAL

All dates will be updated to reflect the new term of the Agreement.
RESOLVED NOV. 25, 1993

The words *"Canadian Paperworkers Union"* used throughout this Agreement will be changed by the following:

"Communications, Energy and Paperworkers Union of Canada"

RESOLVED NOV. 25, 1993

References to Gatineau, La Tuque and Trois-Rivières mills will be deleted from the Collective Agreement.
RESOLVED NOV. 25, 1993

PREAMBLE

The following will be added to the preamble:

The terms used in this Collective Agreement apply to both male and female employees.
RESOLVED NOV. 25, 1993

ARTICLE 4

EMPLOYMENT

4.02 This paragraph will be deleted. **RESOLVED NOV. 25, 1993**

ARTICLE 5

PROMOTION, LAY-OFF AND RECALL

5.14 c) The word *"permanent"* on lines 6, 10 and 14 will be replaced by the word *"classified"*.

The word *"permanently"* on line 13 will be replaced by the word *"regularly"*.
RESOLVED NOV. 25, 1993

ARTICLE 7

AUTOMATION

7.02 This paragraph will be deleted.

Subsequent paragraphs will be renumbered accordingly.
RESOLVED NOV. 25, 1993

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ARTICLE 7

AUTOMATION

7.04 e) A new paragraph will be added to this section and will read as follows:

In the event that an employee is laid off from the mill directly due to technological changes or automation and is recalled for employment after he has enrolled in a full-time education improvement courses at a recognized school, will be granted a leave of absence for the duration of his program up to a maximum of one (1) year. Such leave of absence may be extended by one (1) additional year upon written request and proof of the successful completion of his first year.

RESOLVED NOV. 25, 1993

7.04 f) This paragraph will be amended by adding the following:

If the employee elects to take severance pay he then waives his recall rights.

RESOLVED NOV. 25, 1993

ARTICLE 14

ADJUSTMENT OF COMPLAINTS

This title will change to read as follows:

"Grievance Procedure".

RESOLVED NOV. 25, 1993

Article 14.01 will be amended and will read as follows:-

14.01 Complaints arising out of the application of any of the provisions of this Agreement in any department of the mill shall be signed by the grievor and submitted in writing within 60 working days by the duly constituted Adjustment Committee of the mill to the department superintendent after discussion with the foreman has failed to settle the question raised.

RESOLVED NOV. 25, 1993

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APPENDIX A

A1 MILL OPERATIONS

A1.03 Both paragraphs will be deleted.

RESOLVED NOV. 25, 1993

A3 LOCAL ADJUSTMENT PROCEDURES

A3.01 e) This paragraph will be amended by deleting on line 2 the following words: ***".....and not deferred to pre-conference consideration".***

RESOLVED NOV. 25, 1993

A3.01 g) This paragraph will be deleted.

The following paragraphs will be renumbered accordingly.

RESOLVED NOV. 25, 1993

A3.01 j) This paragraph will be deleted.

RESOLVED NOV. 25, 1993

APPENDIX A

A4 JOINT CLASSIFICATION PLAN AND WAGE RATE STRUCTURE

A4.04 Implementation of the Joint Classification Review

A4.04 a) i), ii), iii), iv) and v) will be deleted.

RESOLVED NOV. 25, 1993

A6 HOURS OF WORK AND OVERTIME

A6.04 Hours for Tour Workers

A6.04 c) Both parties agree to consider the implementation of different work schedules where both the Union and the Company are in agreement.

RESOLVED NOV. 25, 1993

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A10- EMERGENCY SHUTDOWN - 7-DAY OPERATIONS

A10.01 <u>Emergency Shutdown - 7-day Operations</u>

This section will be deleted and replaced with the following:

A10.01 a) When the mill produces end-products seven (7) days per week, regularly classified employees (excluding spares) affected by an emergency shutdown will be assigned such work as available in their department or the mill, at their regular rates for the balance of the shift during which the breakdown occurs. Furthermore, regularly classified employees will be given an opportunity, during the next sixty (60) calendar days to make up any additional scheduled time lost by being scheduled at straight time on their days off and paid at the rates they would have been paid had they been able to work as scheduled.

If an employee refuses such opportunity to make up hi6 lost time, the Company's obligation under this clause is cancelled.

A10.01 b) When the mill produces end-products seven (7) days per week, regularly classified paper machine crews affected by the breakdown of a paper machine will be assigned such work as available in their department at their regular rates for the balance of the shift during which the breakdown occurs and for the two (2) following shifts. Employees are expected to do the work assigned. Furthermore, regularly classified crew members will be given an opportunity, during the next sixty (60) calendar days to make up any additional scheduled time lost by being scheduled at straight time on their days off and paid at the rates they would have been paid had they been able to work as scheduled.

If an employee refuses such opportunity to make up his lost time, the Company's obligation under this clause is cancelled.

A10.01 c) The last sentence of this paragraph will be deleted.

RESOLVED NOV. 26, 1993

A17- GENERAL

A17.01 a) <u>Industrial Relations</u>

This paragraph will be amended by changing the word *"shall"* by the word *"must"*.

RESOLVED NOV. 25, 1993

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A17- GENERAL

A17.04 Supervisory Personnel

The word *"nevertheless"* in the 4th line will be deleted.

RESOLVED NOV. 25, 1993

APPENDIX B

VACATION PLAN - HOURLY-PAID EMPLOYEES

B3.01 Vacation Period

B3.01 b) Seasonal Employees

This section will be completed deleted.

Paragraphs B3.01 c) d) e) f) will be renumbered B3.01 b) c) d) and e).

RESOLVED NOV. 25, 1993

B3.01 c) Delete the following words on the first line:

"Whether permanent or seasonal"

RESOLVED NOV. 25, 1993

APPENDIX C

C11.01 Paycheques

This section will be deleted entirely and retitled *"Pay Deposit System*. It will now read as follows:

Effective January 1, 1996 the present system of paying will be replaced by a pay deposit system. Pay will be deposited each week to the Bank, Caisse Populaire or Credit Union of the employee's choice. Under this system an employee's pay can be available to him not later than the end of the banking day on Wednesday of each week.

RESOLVED NOV. 26, 1993

APPENDIX F

STANDARD PAYROLL RATES

The notices of the eliminations and/or combinations of jobs and/or classifications given to the Union during the 1990-1993 Collective Agreement will continue to apply during the Collective Agreement renewed in 1993.

RESOLVED NOV. 25, 1993

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STRATI STATEMENT

2. Metric Tools (Page 170)

This paragraph will be deleted.

RESOLVED NOV. 25, 1993

ADMINISTRATIVE STATEMENT

5. Weekly Indemnity (Page 171)

This paragraph will be deleted as it is already covered in Appendix E, E1.02 d) i) paragraph 3 - page 66.

RESOLVED NOV. 25, 1993

ADMINISTRATIVE STATEMENT (Page 175)

Item 1 The reference to *"1987-1990"* on line 2 will be replaced by the new dates at the renewal of the Collective Agreement.

RESOLVED NOV. 25, 1993

ADMINISTRATIVE STATEMENT (Page 175)

Item 4 The text of this item will be completely deleted.

RESOLVED NOV. 25, 1993

ADMINISTRATIVE STATEMENT (Page 168)

Section 4 Home Spares & Vacation Replacements

The first paragraph concerning Home Spares will be deleted.

RESOLVED NOV. 25, 1993

ADMINISTRATIVE STATEMENT (Page 172) will be replaced by:

Canadian Pacific Forest Limited Employees (1946) Retirement Plan.

A complete and updated copy of CP Forest Employees (1946) Retirement Plan covering the employees who are members of the local unions signatory to this Agreement will be remitted to each local unit as well as to the National Union.

RESOLVED NOV. 25, 1993

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ADMINISTRATIVE STATEMENT (Page **179)**

Workers' Compensation vs Creditable Service

The first paragraph will be amended by adding the following:

The above period may be extended by a maximum of 12 months providing the disabled employee submits a medical certificate indicating that he is likely to return to active employment during that extension period.

The second paragraph will be amended to read:

"The monthly contributions to the Plan required of the employee to accrue his creditable service will be based on the current and/or updated contributions formula applicable to active employees. Such percentage will be based on his regular hourly straight time rate of his classified occupation multiplied by 2080 and divided by 12.

Employees will be asked to sign a form confirming their undertaking of that privilege or waiving that privilege.

RESOLVED NOV. 25, 1993

Note: The following pre-conference items will be added to the local agenda of each respective local.

PRE-CONFERENCE ITEMS REFERRED TO THE MAIN AGENDA

General: (3 locals)

#1 The Company will continue the current practice of contributing a specified monthly amount toward the cost of the optional additional life insurance, Hospital-Medical insurance and Dental insurance for employees in receipt of workers' compensation benefits.

RESOLVED JAN. 19, 1994

Local 146

- Upon request from the Union after the implementation of the TMP project, the Company agrees to implement a 37.5 work week schedule based on 12 hour shifts (4 on - 5 off) for all shift workers of local 146. The rules of implementation are spelled out in Appendix G.

RESOLVED JAN. 9, 1994

- The Company agrees to consider discussions relative to the request for 10 hours shifts for day workers, after the signing of the main agenda.

RESOLVED JAN. 9, 1994

Local 164

The Company agrees with the request of converting 1 week of vacation into 5 floating holidays for Day Workers of CEP local 164 only. Eligible employees wishing to avail themselves of this provision must indicate their intention to do so at the time of vacation scheduling for the following year. Such floating holidays will be governed by the same rules and conditions applying to regular floating holidays. (A11.03)

RESOLVED JAN. 7, 1994

Local 263

The Company does not agree to adjust the Boss Machine Tenders' rate and will continue to abide by the "Boss Machine Tender" provisions on page 89 of the labour agreement. The Company will continue to pay machine crews two (2) speed classes higher than the actual speed of the machine when running "lightweight news".

RESOLVED JAN. 7, 1994

Bumping into the TMP Department

The two (2) classifications in the TMP departement (9 employees) will be filled by offering these jobs to the 9 most senior employees in point of mill service who are interested subject to meeting eligibility and qualifications tests pertinent to the operation.

During the first year of operation of the TMP, the current 5 most senior SCMP operators will be assigned to the TMP departement, for training purpose for as long as deemed necessary by management.

These 5 SCMP operators will retain their bumping rights into the departement in which they had initially chosen to exercize their bumping rights while they were temporarily retained in the TMP departement.

Any further bottom job vancancy within the TMP departement will be filled by mill seniority subject to interested employees meeting eligibility and qualifications tests pertinent to the operation.

The selection process and training of successfull candidates will commence at least 6 months prior to the estimated start-up time of the TMP.

During the 3-month period preceding the selection process, the Company will organize a detailed presentation on the operation of the TMP. This presentation is intended to allow senior employees to decide whether this type of work is interesting enough for them to apply for a regular job in that department. In other words, is this the type of job they want to do over the next several years?

During the two (2) months preceding the selection process, the Company, after discussion with the Union, will set up a classroom training program with an outside teacher for a period of two (2) weeks (40 hours per week). The objective of this program will be to refresh the knowledge of employees in subject matters that will help them to successfully pass the selection tests which they will take over the following few weeks.

Fifteen (15) employees will be included in this program.

Demolition

The Company submitted a letter of intent explaining the work to be performed relative to the demolition of various sections *of* the mill site, including which type of work would be contracted out and which type of work would be performed by its own demolition crew (approximately 15 employees for approximately 4 months).

OUTSTANDING CONTRACT LANGUAGE ITEMS REFERRED TO THE MAIN AGENDA

Article 5

5.08 b) Will be amended to provide "one-shot-deal" recall rights of 60 months for those employees who have completed 15 or more years of service and who are laidoff as a result of the implementation of the TMP project.

RESOLVED JAN. 9, 1994

Article 6 - for memorandum purposes only -

A6.01 c) The Company does not agree to implement a 36 hours work week for spares at this time but may be prepared to consider such arrangement after completion of the project. If implemented, the cost of this arrangement shall be added to the cost reduction measures required to justify the investment project.

RESOLVED JAN. 7, 1994

- Statutory Holiday (12-hours shift)

The total number of Statutory Holiday hours paid is 48 hours per calendar year for eligible employees and can be paid at the rate of 8, 12 or 16 hours per holiday. (Total 48 hours) - see A11.02 a)

RESOLVED JAN. 9, 1994

MAIN AGENDA ITEM 8

1 - Employment Security (Administrative Statement)

All employees holding a regular classified position on the ratification date of the collective agreement shall retain their employment at the mill, except in the event of any of the following situations:

- technological changes and/or automation
- whole mill or department shutdown
- shutdown due to lack of orders and/or market conditions
- fortuitous event or any situation beyond the Company's control
- disciplinary or administrative measure
- attrition

The list of employees covered by this provision is given to each local and includes regular classified employees as well as vacation replacements. The list of employees covered as vacation replacements in each local is established by the number of annual vacations weeks and non-scheduled holidays accumulated by classified employees on jobs generally requiring a replacement and divided by 52.

This protection does not apply to those job reductions already scheduled or announced in the framework of the TMP project at Dalhousie, which includes the implementation of flexibility.

The employment security is not a guarantee of a minimum of working hours per week.

Special Early Retirement Package

Effective at the time when the first group layoffs occur following the startup of the TMP, the Company will implement a special early retirement package that will apply to employees who have attained 55 years of age or more prior to April 30, 1998 and whose age and service total 80 points.

This special package will remain in force from the date of implementation, as described above, until April 30, 1998 (i.e. retirement on May 1, 1998).

To take advantage of this special package, eligible employees must retire within six (6) months after becoming eligible, but in no event later than May 1, 1998.

Eligible employees will receive an unreduced pension based on their accrued benefits to date of retirement plus an unreduced bridging supplement based on the prevailing rate and conditions applying at time of retirement.

Eligible employees who are in receipt of LTD or Workers' Compensation benefits will have the option to remain on LTD or WCB until attainment of age 58 or retire. The above conditions governing the time of their option selection must apply.

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RETIREMENT PLAN

Subject to the approval by La Régie des Rentes du Québec and Revenue Canada, the employees' Retirement Plan (1946) of Canadian Pacific Forest Products Limited (Supplemental Plan B as amended) will be amended so as to provide:

Pension Allowance

Any employee retiring between May 2, 1993 and May 1, 1998 under the terms of the early retirement provisions or normal retirement provisions of the Plan will receive a pension benefit equal to the greater of the following calculations:

a) The pension allowance accrued under the provisions of the regular formula up to the retirement date which is the sum of:

   i) A pension benefit equal to 66.25% of the member's contributions to the plan up to and including December 31, 1979, and

   ii) A pension benefit equal to 50% of the member's contributions to the plan between January 1, 1980 and the date of ratification.

   iii) A pension benefit equal to 40% of the member's contributions to the plan on/or after the date of ratification.

OR

b) 1.65% of the employee's average annual earnings during the 5 periods of 12 consecutive months prior to his retirement for which his earnings were the highest, times years of creditable service prior to retirement less 1/35 of the C/QPP benefit in effect in the calendar year of his retirement times years of creditable service between January 1, 1966 and his date of retirement (maximum 14/35).

Earnings for purposes of this calculation, exclude overtime, taxable benefits, special payments or indemnities, PIP payments and reimbursements for expenses.

Example;

An employee whose average earnings over his best 5 years is $39,000.00 and who has 30 years of creditable service retires on December 1, 1993.

His pension allowance calculation will be as follows under formula b):

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Before improvements		After improvements	
$39,000 X 1.65% X 30 yrs =	$19,305.00	$39,000 X 1.65% X 30 =	$19,305.00
less 21/35 X $8,008.32 =	-$ 4,804.99	less 14/35 X $8,008.32 =	-$ 3,204.33
	$14,500.01		**$16,100.67**

Note: Each new retiree, regardless of his average earnings or his number of years of creditable service, will benefit from an improvement of his pension allowance in the order of **$1,600.66** per year or $133.47 per month.

Since this improvement is related to the maximum amount of annual pension benefit payable by the Canada Pension Plan and that such benefit generally increases each year, it follows that employees who will retire in 1994 will get a slightly higher advantage than those who retired in 1993 and so on for those retiring in 1995, etc.

Annualization of Earnings

In the event that an employee's earnings in any of the five 12-month periods immediately preceding retirement do not reflect his normal annual schedule of hours for reasons of illness, accident or other authorized leave of absence, the employee's earnings for that period will be adjusted to reflect his normal annual schedule of hours, provided the employee has been actively at work for at least three months during that 12-month period.

Employee Contributions to the Pension Plan

Effective the pay period following the date of ratification and for as long as the 1.65% formula will be used to calculate pension allowance, employees who are members of the pension plan will contribute:

3.5% of their earnings up the Yearly Maximum Pensionable Earnings (YMPE)

plus

5% of their earnings which exceeds the Yearly Maximum Pensionable Earnings (YMPE)

Note: The Company will continue to effect those deductions on the gross earnings of the employee; however, the deduction will cease with the pay on which the employee will have been paid for a total of 2080 hours (ie: hours paid or allowed).

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RETIREMENT IN C[illegible]

Voluntary Early Retirement - at age 58 and over with at least 20 years of service

a) Any member in service may elect early retirement upon attainment **of** age 58 or more providing he has accumulated at least 20 years **of** service, subject to the minimal reduction required by the regulations **of** the Income **Tax** Law.

b) **Any** member in service so retiring will receive, commencing on his early retirement **date,** a retirement allowance equal to the full normal retirement allowance he has accumulated to such retirement date, without actuarial reduction.

Early Retirement - Age 55 to 57 inclusive, with **a** least 20 years **of** service.

Any member in service who **is** between 55 and 57 years of age inclusively, and who has accumulated at least 20 **years** of service, may elect early retirement with **a** pension allowance which is reduced by **1/2%** for each **month** by which his retirement date precedes his 58 birthday (e.g., a reduction of 6% per year). This reduction factor **is** subject to the requirement of the Income **Tax** laws and Revenue Canada regulations which establishes the minimum reduction **rate** permissible. **Thus,** the pension allowances will be reduced as follows according to **age** (**years** and completed months at time of retirement):

Age/% of allowance

58+0 month/100%		
57+11 month/99.5%	56+11 month/93.5%	55+11 month/87.5%
57+10 month/99%	56+10 month/93%	55+10 month/87%
57+9 month/98.5%	56+9 month/92.5%	55+9 month/86.5%
57+8 month/98	56+8 month/92%	55+8 month/86%
57+7 month/97.5%	56+7 month/91.5%	55+7 month/85.5%
57+6 month/97%	56+6 month/91%	55+6 month/85%
57+5 month/96.5%	56+5 month/90.5%	55+5 month/84.5%
57+4 month/96%	56+4 month/90%	55+4 month/84%
57+3 month/95.5%	56+3 month/89.5%	55+3 month/83.5%
57+2 month/95%	56+2 month/89%	55+2 month/83%
57+1 month/94.5%	56+1 month/88.5%	55+1 month/82.5%
57+0 month/94%	56+0 month/88%	55+0 month/82%

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RETIREMENT PLAN (CONTD)

Early Retirement - at age 55 and over with less than 20 years of service.

Any member in service who is 55 years of age and has accumulated less than 20 years of service who elects to retire will receive an actuarial equivalent of his pension allowance to his date of retirement.

Bridging Supplement

Any member in service who elects to retire upon attainment of age 58 providing he has accumulated at least 20 years of services will be entitled to receive a monthly bridging supplement as described in paragraphs a) and b) below, times his years of creditable service up to a maximum of 30 years of creditable service. The bridging supplement is paid commencing on the employee's voluntary early retirement date and ceases on the first of the month following attainment of age 65 or the first of the month following his death whichever is earlier.

a) Effective on May 2, 1993 for those who retire between 58 and 60 years of age under the above specified provisions: $28.00 per month, reducing to $15.00 per month starting from the first month following their 60th birthday. The amount of $28.00 per month is increased to $30.00 per month for those retiring before age 60 but after May 1, 1996 and is reduced to $15.00 per month upon attainment of age 60 .

b) For *those* retiring after their 60th birthday under the above specified conditions: $15.00 per month.

Reduced bridging supplement for those retiring between 55 and 57 years of age inclusively with at least 20 years of service

Any member in service who elects to retire between 55 and 57 years of age inclusively providing he has accumulated at least 20 years of service will be entitled to receive a monthly bridging supplement as described above for employees of 58 or more years of age. However, this supplement is reduced by 2/3 of 1% per month by which his retirement date precedes his 58th birthday (e.g., a reduction of 8% per year).

Example I

An employee who retires at age 55 and 6 months years of age on January 1, 1994 with 25 years of credited service will receive **a reduced** bridging supplement calculated as follows:

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- 58 years **less** 55 years **and** 6 months = 30 months or 2.5 years. Thus the reduction factor in this *case* is 20%, i.e., 30 months X 2/3 of 1% or 2.5 **years** X 8% = 20%
  The employee will receive:

  a) Commencing on his retirement of age 55 **and** 6 months, on January 1, 1994, he will receive:

  $28.00/month reduced by 20% = $28.00 X 80% = **$22.40/month**

  $22.40/month **X** 25 years of creditable service = $560.00/month up to attainment **of** age 60

  b) Commencing on the first of the month following his 60th birthday, he will receive:

  $15.00/month reduced by 20% = $15.00 X 80% = $12.00/month

  $12.00/month **X** 25 years **of** creditable service = $300.00/month up to age 65 or his death whichever is earlier.

Example II

An employee who retires at age 57 on June 1, 1996 with 30 years of creditable services will receive a reduced bridging supplement calculated as follows:

- 58 years less 57 years = 12 months or one year. Thus, the reduction factor in this *case* is 8%, i.e., 12 months X 2/3 of 1% or one **year** X 8% = **8%**
  The employee will receive:

  a) As of his retirement date at 57 years of age on June 1, 1996

  $30.00/month reduced by 8% = $30.00 X 92% = $27.60/month

  $27.60/month **X** 30 years of creditable service = $828.00/month up to attainment of age 60.

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b) On the first of the month following his *60th* birthday he will receive:

$15.00/month reduced by 8% = $15.00 X 92% = $13.80/month

$13.80/month X 30 years of creditable service = $414.00/month up to age 65 or his death whichever is earlier.

Post Retirement Adjustments

a) No adjustments to pension allowances will be made between May 2, 1993 and May 1, 1996.

b) Effective May 2, 1996, the plan will be modified to provide annual adjustments to the basic pension payable under the option elected by the employee at the time of the retirement to those who have or will have retired between May 2, 1987, and the expiry date of the collective agreement that will be in effect on January 1, 1998. The adjustment is equivalent to 50% of the increase in the Consumer Price Index up to a maximum adjustment of 5%.

"Consumer Price Index", means the consumer price index for Canada, general index (1981 = 100) as produced by Statistics Canada.

Post retirement adjustments will be made on January 1, 1997 and January 1, 1998 based on 50% of the percentage increase in the Consumer Price Index, during the twelve month period commencing November 1 and ending October 31 of the preceding year up to a maximum annual adjustment of 5%. The post retirement adjustment will be rounded to the nearest tenth of 1%.

In the case of a new retiree, the first adjustment is further multiplied by the fraction obtained by dividing by twelve the number of months elapsed between the retirement date and the effective date of the first adjustment.

The amount of the basic pension paid under the elected option to a member who has or will retire after May 2, 1987 will be increased on January 1, 1997 and January 1, 1998. This annual increase is equal to the post retirement adjustment multiplied by the amount of basic pension being paid. No other adjustment will be made after the expiry date of this last agreement.

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RETIREMENT PLAN (CONTD)

Post Retirement Adjustments (contd)

For **those** retirees who have elected the level income option, the same percentage adjustment factor will be applied to both the increased pension payable to age 65 and reduced pension payable thereafter.

Should applicable government legislation require compulsory post retirement pension adjustments, the greater of the legislated or negotiated pension adjustment shall apply.

Other Benefits: - for memorandum only -

Representation

Within **a** month following each Retirement **Board** meeting, the Company will meet **a** local union committee to review the topics discussed at the Retirement meeting.

RESOLVED JAN. 9, 1994

Committee

Within 60 **days** of **ratification**, a meeting will be held to explain the N.B. Pension legislation.

RESOLVED JAN. **9, 1994**

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3 - **Insurance**

a) **Weekly indemnity**

- **The** Company will maintain the current variable percentage formula (60%- 70%) based on experience.

- Effective on May 1, 1998, the minimum percentage payable will be **set at** 65**%.**

- The Company currently pays the full cost of the W.I. plan.

AGREED JAN. **7, 1994**

- Negotiated improvements apply to employee actively at work.

AGREED JAN. 7, 1994

- Medical certificates - see attached

AGREED JAN. **9, 1994**

- The weekly indemnity plan currently covers any disabled employee not covered by WCB.

AGREED JAN. **9, 1994**

NBIP FOREST PRODUCTS INC.
1993 NEGOTIATIONS
DALHOUSIE MILL
LOCALS 146, 164 AND 263
MONETARY CHANGES

APPENDIX E

INSURANCE PLANS

E1. 02 e) **Long Term Disability Benefit Plan**

The section entitled "Amount of Benefit" will be amended by increasing the monthly maximum payment as follows:

a) i) For all non-occupational illness or accidents incurred after May 1, 1994:

55% of regular straight time hourly rate, multiplied by 2080 divided by 12, up to a maximum monthly payment of $2,100.00.

For all non-occupational illnesses or accidents incurred after May 1, 1996:

55% of regular straight time hourly rate, multiplied by 2080 divided by 12, up to a maximum monthly payment of $2,200.00.

The regular straight time hourly rate shall be the classified rate of the employee on the date the non-occupational illness or accident commenced.

RESOLVED JAN. 5, 1994

NBIP FOREST PRODUCTS INC.
1993 NEGOCIATIONS
DALHOUSIE MILL
LOCALS 146, 164 AND 263
CONTRACT CHANGES

APPENDIX E

INSURANCE PLANS

E1.06 **Medical Certificates**

This **paragraph will be amended** on **lines 5 and 6 by replacing** "**fifteen ($15.00) dollars** per **certificate** with **twenty-five ($25.00)** per **certificate**".

RESOLVED JAN. **9, 1994**

LIFE INSURANCE

The Company currently pays the full cost of the basic life insurance ($25,000) and of the Accidental Death and Dismemberment Insurance ($25,000). In addition, it contributes $12.00/month per employee toward the cost of additional optional life insurance.

RESOLVED JAN. **9, 1994**

DENTAL PLAN (E3)

Family Coverage: Up to a maximum of $24.00 per month.

RESOLVED JAN. 5, 1994

HOSPITAL MEDICAL PLAN (E2)

Up to a maximum **of** $26.00 per month.

RESOLVED JAN. **5, 1994**

VISION CARE

The Company contributes $25.00/month/employee ($26.00 as of the date of ratification) toward a Union sponsored Hospital, Medical Plan which generally includes such cares.

AGREED JAN. 7, 1994

OTHER

1- Without prejudice, the Company is prepared to pay the insurance carrier (ie: L'Assomption) a total amount of $1,100.00 to cover the interests charges related to a two-month delay in payment of invoices in 1991. In the future, the Company will continue to pay the insurance invoices according to the Corporation's payment and term policy.

2- The Company will continue to make specific negociated contributions to the various insurance plans, based on the respective coverage of each participating member.

BEREAVEMENT LEAVE (A12.01)

a) Paragraph e) will be deleted and replaced by the following:

A12.01 e) When a death occurs in the employee's immediate family, as defined in paragraphs a) and b) above, while he is on vacation, he will be entitled to a Bereavement Leave according to the conditions set forth in paragraph a). The additional days must be taken on the working days immediately following his scheduled vacation period.

RESOLVED JAN. 9, 1994

SAFETY FOOTWEAR

The Company currently contributes up to a maximum of $70.00/year ($80.^{00} May 1, 1996) toward the purchase of safety footwear upon receipt of a proof of purchase.

The Company reserves the right to go to an outside supplier for all safety footwear.

RESOLVED JAN. 19, 1994

VACATION PAY

b) The Company agrees to allow Day workers from CEP local 146 who do not need replacement to break up one week vacation (40 hours) into 5 floating holidays of 8 hours each. Eligible employees who wish to do so must indicate their intent at the time of vacation scheduling. Such floating holidays are governed by the rules and conditions spelled-out in article A11.03.

RESOLVED JAN. 7, 1994

NBIP FOREST PRODUCTS INC.
1993 NEGOTIATIONS
DALHOUSIE MILL
LOCALS 146, 164 AND 263
MONETARY CHANGES

GENERAL WAGE INCREASES;

Effective May 1, 1994:	1%
Effective May 1, 1995:	1 and 1/2%
Effective May 1, 1996:	as determined below
Effective May 1, 1997:	as determined below

The wage adjustments applicable in the years 1996 and 1997 inclusively will be determined by the prevailing wage adjustments granted in the Eastern Canadian newsprint industry for each of those years.

NBIP FOREST PRODUCTS INC.
1993 LABOUR NEGOTIATIONS
COMMUNICATIONS, ENERGY AND PAPERWORKERS
UNION OF CANADA
LOCALS 146, 164 AND 263

FLEXIBILITY

The implementation of the flexibility concept is a continuous improvement process requiring the commitment of management, unions and employees.

To achieve this objective, it is essential to develop a constructive approach which will allow everyone to participate as partners in the efficient reorganization of our work environment.

The concept of work reorganization and job assignment flexibility is designed to improve the productivity of the Dalhousie mill and the long-term employment security of mill employees along with the implementation of the TMP project. The main elements are:

1. Maintenance Department

a) Tradesmen, helpers and oilers working alone, or as part of a team, will perform on a mill-wide basis and to the best of their capabilities all required maintenance and repair work regardless of their trade and union jurisdiction.

b) Where required, tradesmen, helpers and oilers will help operating personnel in order to reduce operating lost time and to permit to resume equipment operations as soon as possible. The intention is not to assign systematically maintenance personnel to operating positions, but rather to have a more efficient mill operation.

c) Tradesmen, helpers and oilers will help operating personnel when they are working in the department in order to prevent mechanical shutdowns, reduce production lost time or assure a fast startup of equipment or operation. It is not the intention of management to transform tradesmen into production employees.

2. **Operating Departments**

a) Production employees will perform all the **tasks** required **of** their job but may be assigned to perform to the fullest of their capabilities either alone or by assisting others, any **tasks** related to the activities **of** their department.

b) Production employees will help maintenance and repair crews, including oilers, when they are working in the department in order to prevent mechanical shutdowns, reduce production lost time or to assure a fast **startup of** equipment or operation. It is not the intention **of** management to transform production employees **as** specialized tradesmen.

c) Production employees perform the main **tasks of** their job, but may be assigned temporarily to any other tasks related to the operation **of** their department or of another department when the equipment at which the work is not operating.

3. **Call-Ins**

There will **be** no call-ins to perform work which could be performed by employees present at the Mill.

NBIP FOREST PRODUCTS INC.
1993 LABOUR NEGOTIATIONS
COMMUNICATIONS, ENERGY AND PAPERWORKERS
UNION OF CANADA
LOCALS 146, 164 AND 263

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4. Training

Whenever possible, employees may be assigned to training on other tasks or jobs during their regular scheduled shift.

The Company and the Union will cooperate in establishing training programs which will allow its employees to meet the challenges brought about by these major changes.

5. Precedence

The above changes and any decision relating to the implementation of these changes supercedes any work practice, agreement (verbal or written) or any provision of the Labour AGreement which contradicts, restricts or prevents their application.

6. Rates for Flexibility

Tradesmen and oilers will receive an additional 50¢/hour when they become capable of performing all the tasks and duties brought about by the changes described above.

This additional premium does not apply to those shift tradesmen who currently receive a $1.00/hour premium for flexibility as already provided in the Labour Agreement.

RESOLVED JAN. 9, 1994

NBIP FOREST PRODUCTS INC.

1993 Negotiations
Dalhousie Mill - Locals 146, 164 and 263
Monetary Changes

ARTICLE 15

Term of agreement

This paragraph will be amended to read as follows:

15.01 a) This agreement shall be in effect from May 1, 1993 to April 30, 1998. The provisions of this Agreement remain in force until their renewal.

During the months following the expiry of this agreement on April 30, 1998, the parties will meet to negotiate the terms and conditions of its renewal for a minimum period of three (3) years from May 1, 1998 to April 30, 2001, and further agree to waive their legal right to strike or lock-out during this period provided the following procedure is followed:

Should the parties be unable to reach a mutually acceptable agreement through negotiations (with or without the assistance of a conciliator) they will then present .and explain their respective positions to a binding arbitrator who will select one or the other party's final offer without having the right to modify any part of it.

It is clearly understood that in selecting the final offer, the arbitrator's mandate is restricted to the prevailing terms and conditions of the Eastern Canadian Newsprint industry pattern settlement (Québec-Ontario-Maritimes) as negotiated for the renewal of the agreements expired in 1998. Therefore, he cannot consider a final offer proposal containing terms and conditions which exceed those of the prevailing pattern settlement.

Should the duration of the prevailing pattern agreement as negotiated by the Eastern Canadian Newsprint industry in 1998 be less than three **(3)** years, the parties agree to follow the above procedure until the agreement expires on or extends past April 30, 2001.

Despite the fact that the parties agree to the above procedure as a means to resolve their differences without recourse to strike or lock-out, their primary objective continues to be the achievement of a settlement which **is** totally negotiated between them.

Note: (For memorandum only)

This 8-year period of labour peace is absolutely essential to justify the major investment in the Mill by providing stability during the various phases of the project (i.e. construction, start-up **and** optimization period) and by ensuring that NBIP remains a stable source **of** supply of quality products to its primary customers.

MEMORANDUM OF AGREEMENT

between

NBIP Forest Products Inc.

and

Communications, Energy and Paperworkers
Union of Canada
Locals **146, 164** and **263**

Investment Term Sheet

This memorandum of agreement is subject to ratification by the membership of the local unions concerned as part of the renewal of their labour agreement.

The sections of this memorandum which are marked with an asterisk are deemed to be incorporated into the current and future labour agreements until provisions expire.

Investment Period (*)	May 1, 1996 to April 30, 2001.
Amount of Investment (*)	At any point in time during the Investment Period is equal to twelve point three percent (12.3%) (the percent reduction} of the aggregate amount of the wages paid as per the Collective Labour Agreement in effect and equivalent salaries paid, plus the industry pattern. The Productivity Improvement Plan (PIP) will continue in force and will lessen the impact of the percent reduction. The Percent Reduction will be disregarded for all purposes under terms of the Pension Plan, including without limitation, the calculation of pension credits and employees' contributions.

Equivalency

An equivalent labour cost reduction shall apply to all other union and non-union employees of NBIP during the entire investment period.

Indexing of Investment (*)

The accrued amount of investment less any amounts repaid through the profit sharing plan will be adjusted on a yearly basis (pro rated for each complete month) by the percentage of increase in the Consumer Price Index up to a maximum of 7% per year.

For purposes of this calculation "Consumer Price Index" means the Consumer Price Index for the province of New Brunswick as produced by Statistics Canada. The base period will be May 1, 1996.

(Examples of calculations are attached)

Repayment on Permanent Separation (*)

Indexed employee contributions will be repaid upon permanent separation of the employee. Permanent separation is defined as the date when the contributor ceases to be employed by the Company for reason of death, retirement, or permanent termination (loss of recall rights). The funds for such repayment will be provided from current and/or future profit sharing payments.

Profit Sharing (*)

Indexed contributions of all employees will be reimbursed annually on a pro rata basis of their part of the amount of investment through a profit sharing plan starting with the financial year 1996, based on 7.5% of audited annual pre-tax earnings up to the project pre-tax earnings for the project and 15% on pre-tax earnings in excess of the projected pre-tax earnings level. The profit sharing will remain in place until the end of the financial year 2005 whether employee contributions are reimbursed or not.

Pre-tax Earnings is defined as earnings before the payment of taxes.

Mandatory Repayment(*)

Notwithstanding the above, the Company reserves the right to repay totally or partially any outstanding amount of investment at any time, but in any event it shall be required to repay any outstanding amounts before December 31, 2007.

Reporting Requirements

The Company will provide Financial Reporting Information to the local and national leadership of the Communications, Energy and Paperworkers Union (the "Union" or "C.E.P.") on a quarterly basis for their confidential use. Financial Reporting Information is defined as income statements, cash flow statements and balance sheets.

Conditions

Taxation: The Company will endeavour to ensure that the employees' contributions will be structured in a tax efficient manner in order to minimize tax consequences and avoid tax payment on phantom income.

Contingent Investment: The Employee investment is contingent upon (i) the installation of the Project and (ii) the commitment by the New Brunswick Government of a rate reduction with respect to electricity (through N.B. Power of approximately $2.5 million per annum).

Ranking

The Notes (i.e. amount to be repaid) will rank junior to all the Company's existing and future Third Party indebtedness. Said Notes will rank pari pasu with any debt advanced by the Parent Companies, being understood that any debt advanced by the parent companies could be repaid (capital & interests) according to their terms without limitation.

Covenants

Dividend: NBIP will not pay a dividend on common shares if the payment would result in the shareholders' equity being decreased below $70 million.

Change in control

In the event of a change of control of NBIP after May 1, 1996, and before the net amount of investment at such date is entirely repaid, then NBIP will reimburse any net amount of investment remaining.

"Change in control" is defined as:

(i) the sale, lease, exchange or other transfer of all or substantially all of the Company's assets or stock to an outside party,

(ii) a merger of consolidation involving the Company with the effect that, the then existing shareholders of the Company, hold less than fifty percent (50%)of the combined general voting or economic power of the continuing entity,

(iii) an outside party acquiring more than fifty percent (50%) of the combined general voting or economic power of the Company, and/or

(iv) the sale of Avenor's interest in the Company.

Other financial covenants	Any covenants agreed to and amended from time to time by the Company with any Third Party Lender in relation to the financing of the project is deemed to be resident in this memorandum of agreement.
Events of default	Standard events of default including:

i) same as events resident in Third Party Loan documents relating to the financing of the Project,

ii) cross-defaults with Third Party indebtedness.

EXAMPLE #1

PROPOSED METHOD OF INVESTMENT REPAYMENT

Greater of Profit Sharing, or Invested Amount indexed to the C.P.I. (inflation) for New Brunswick, up to a maximum of 7% annual inflation rate.

	Investment Period										
	Year 1 5/96-4/97	Year 2 5/97-4/98	Year 3 5/98-4/99	Year 4 5/99-4100	Year 5 5/00-4/01	Year 6 5/01-4/02	Year 7 5/02-4/03	Year 8 5/03-4/04	Year 9 5/04-4/05	Year 10 5/05-4/06	5/1/07
Employee Investment - Beginning of Period	$0	$ 5,100	$10,404	$15,920	$21,657	$27,623	$28,728	$29,877	$31,072	$32,315	$33,608
Employee Investment - Per Annum *	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$0	$0	$0	$0	$0	($33,608)
Estimated Inflation - C.P.I. per year ** 4%	$ 100	$ 304	$ 516	$ 737	$ 966	$ 1,105	$ 1,149	$ 1,195	$ 1,243	$ 1,293	$0
Inflated Employee Investment - End of Period	$ 5,100	$10,404	$15,920	$21,657	$27,623	$28,728	$29,877	$31,072	$32,315	$33,608	$0
Profit Sharing Payments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Balance Due	$ 5,100	$10,404	$15,920	$21,657	$27,623	$28,728	$29,877	$31,012	$32,315	$33,608	

TOTAL EMPLOYEE RETURN $33,608

OR **$1.34** for every $1.00 invested over the period at the end of the period.

* Estimate
** Assume 4% per year

NOTE: The above example assumes that the profit sharing plan does not generate **any return.**

EXAMPLE #2

PROPOSED METHOD OF INVESTMENT REPAYMENT

Greater of Profit Sharing, or Invested Amount indexed to the C.P.I. (inflation) for New Brunswick, up to a maximum of 7% annual inflation rate.

	Investment Period										
	Year 1 5/96-4/97	Year 2 5/97-4/98	Year 3 5/98-4/99	Year 4 5/99-4/00	Year 5 5/00-4/01	Year 6 5/01-4/02	Year 7 5/02-4/03	Year 8 5/03-4/04	Year9 5/04-4/05	Year10 5/05-4106	5/1/07
Employee Investment - Beginning of Period	$0	$ 3,350	$ 4,939	$6,437	$7,204	$ 6,067	$1,510	$0	$0	$0	$0
Employee Investment - Per Annum *	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$0	$0	$0	$0	$0	
C.P.I. per year ** 4%	$ 100	$ 234	$ 298	$ 357	$ 388	$243	$ 60	$0	$0	$0	$0
Inflated Employee Investment - End of Period	$ 5,100	$ 8,584	$10,237	$22,794	$12,592	$ 6,310	$ 1,570	$0	$0	$0	$0
Profit Sharing Payments ***	$ 1,750	$ 3,645	$ 3,800	$ 4,590	$ 6,525	$ 4,800	$ 5,200	$ 6,200	$ 6,500	$ 6,660	$0
Balance Due (excess repayment)	$ 3,350	$ 4,939	$6,437	$ 7,204	$ 6,067	$ 1,510	$(3,630)	$(6,200)	$(6,500)	$(6,660)	$0

TOTAL EMPLOYEE INVESTMENT $25,000

TOTAL EMPLOYEE RETURN $49,670 (including full reimbursement of investment + inflation + profit sharing)

OR **$1.98** for every $1.00 invested over the period.

- Estimate

** Assume 4% per year

*** Assume Sales Revenues of approx. 5% over the projected sales revenues during the period.

On behalf of the Company, the undersigned representatives agree to the foregoing and the undersigned Union representatives agree to recommend its acceptance to their members as a basis for renewal of this Agreement to which the aforementioned parties are signatory.

IN WITNESS WHEREOF the parties have executed these presents, on August 29 **1994.**

NBIP Forest Products Inc.

By: ____________________
L. Lachapelle, Mill Manager

By: ____________________
C. Lapointe, Manager, Human Resources

By: ____________________
A. Lamarche, Corporate Manager, Industrial Relations

Communications, Energy and Paperworkers Union of Canada

By: ____________________
P. St. Onge, National Representative

Communications, Energy and Paperworkers Union of Canada, Local 146

By: ____________________
Alexander Perry, Active President

Communications, Energy and Paperworkers Union of Canada
Local 164

By: ____________________
Daniel Pelletier, President

Communications, Energy and Paperworkers Union of Canada,
Local 263

By: ____________________
Alexander Beckingham, President