



COLLECTIVE AGREEMENT

BETWEEN

TEMBEC INDUSTRIES INC.

HUNTSVILLE DIVISION

(Hereinafter referred to as the "Company")

AND



INDUSTRIAL, WOOD & ALLIED

WORKERS OF CANADA

(I.W.A. - CANADA, LOCAL 1000)

(hereinafter referred to as the "Union")

00965 (08)

March 11th, 2001 to March 10, 2006

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TABLE OF CONTENTS

ARTICLE	PAGE NUMBER
08	ARBITRATION 6
27	BENEFITS 21
17	BEREAVEMENT LEAVE & BEREAVEMENT PAY 17
23	BULLETIN BOARDS 18
21	CALL-IN PAY 18
09	DISCIPLINE 7
04	DISCRIMINATION 3
28	DURATION OF AGREEMENT 24
07	GRIEVANCE PROCEDURE 4
25	HEALTH AND SAFETY 19
13	HOURS OF WORK AND OVERTIME 12
11	JOB POSTINGS 9
18	JURY DUTY 17
16	LEAVE OF ABSENCE 16
	LETTERS OF UNDERSTANDING 28 & 29
03	MANAGEMENT RIGHTS 2
22	MINIMUM RECOMPENSE 18
24	NOTICES 19
15	PAID HOLIDAYS 15
01	PURPOSE 1
20	REPORTING ALLOWANCE 18
	SCHEDULE "A" Sawmill & Forestry Job Classifications 25
	SCHEDULE "A" Flooring Plant Job Classifications 26
	SCHEDULE "A" Trades Job Classifications 27
02	SCOPE AND RECOGNITION 1
10	SENIORITY 7
19	STAND-BY PAY 18
12	TEMPORARY TRANSFERS 12
06	UNION COMMITTEES 4
05	UNION SECURITY 3
14	VACATIONS 13
26	WAGES, SHIFT PREMIUM 20

ARTICLE 1 PURPOSE

- 1.01** The purpose of this Agreement is to secure for the Company, the Union and the employees, the full benefits of orderly collective bargaining. It is the intent of the Company and the Union to operate under methods which will further to the fullest possible extent the safety, welfare and health of the workers, the economy of operation, the quality and quantity of output, cleanliness and protection of property, and to provide fair wage rates and working conditions.
- 1.02** It is recognized by this Agreement to be the duty of the Company, the Union and the employees to co-operate fully, individually and collectively, for the advancement of said conditions.
- 1.03** This Agreement provides a procedure for the prompt and orderly settlement of disputes.

ARTICLE 2 SCOPE AND RECOGNITION

- 2.01** This Agreement shall apply to all employees of Tembec Industries Inc., Huntsville Division, Huntsville, Ontario save and except supervisors, persons above the rank of supervisors, office and sales staff, Forestry, Flooring and Sawmill clerical assistants, head log scalers, contractors and contractors' employees, and persons regularly employed for less than five days per month, students employed during the school vacation period, except students performing classified jobs.
- 2.02** The Company recognizes the I.W.A. Canada, Local 1000 as the sole collective bargaining agent for all employees of the Company in the bargaining unit defined in Article 2.01.
- 2.03** No employee outside the bargaining unit shall perform work normally performed by employees in the bargaining unit except in cases of emergency, or in the absence of an employee to a maximum of two (2) hours.
- 2.04** While this Agreement is in effect, neither the Union nor any employee shall take part in or encourage directly, or indirectly, any strike, sit down, slowdown, or any interference with work or production, either wholly or partially against the Company.

- 2.05** While this Agreement is in effect, **the** Company shall not engage in any lockout.
- 2.06** The Union agrees that it will not solicit membership nor engage in any Union activities during the regular working hours except as outlined in this Agreement.
- 2.07** This Agreement supersedes all previous Agreements, amendments to Agreements, and Letters of Understanding.
- 2.08** In this Agreement, words using the singular includes the plural, and the plural, singular where the text so indicates.
- 2.09** In the event of any strike or work stoppage, it is agreed by the Union that the engineers are to perform essential work necessary to avoid damage to the Company's equipment, specifically the boilers and fire protection system.
- 2.10** The Company agrees not to contract out work which is regularly performed by its bargaining unit employees and for which the operation is equipped. If circumstances necessitate that the Company deviates from this clause and is in a situation where it was to hire contractors for specific work, it shall be discussed with the Union executive prior to the occurrence and shall not exceed a period of one month unless the parties mutually agree to an extension. The Company will advise the Union Executive in writing prior to such contractor coming on site. However, it is understood that this does not apply to casual routine contractors. In addition to the full-time cleaner, the Company reserves the right to hire professional cleaning services periodically to a maximum of once per week.

ARTICLE 3 MANAGEMENT RIGHTS

- 3.01** The management and administration of the operation and the direction of the work force are fixed by the Company. The Union recognizes that certain rights belong solely to the Company, prominent among which, but by no means wholly inclusive, are the rights to:
- (a) maintain order and efficiency;
 - (b) hire, discharge, classify, transfer, promote, demote, retire, select, lay-off, re-call, establish new positions, direct, suspend, discipline and assign;

- (c) make, alter and enforce rules, regulations, policies and practices to be observed by employees:
- (d) determine location, expansion, curtailment or cessation of operations, products to be manufactured, methods, processes and means of manufacturing;
- (e) have sole and exclusive jurisdiction over all operations, employees, buildings, machinery and equipment: establish number of employees required at any time, schedule production, number of hours to be worked, starting and quitting times for all employees, and overtime;
- (9) establish job content, quality and quantity standards, qualifications necessary to perform any particular **job**.

3.02 The Company agrees that none of the rights in Article 3.01 shall be exercised in a manner inconsistent with the terms of this Agreement and the performance of such rights are subject to the Grievance Procedure as outlined in Article 7.

ARTICLE 4 DISCRIMINATION

4.01 There shall be no discrimination by the Company or the Union or its members against any employee because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, age, record of offenses, marital status, sexual orientation, family status or handicap as outlined and defined in the Human Rights Code.

ARTICLE 5 UNION SECURITY

5.01 Each employee shall, as a condition of employment maintain membership in the Union. Each new employee shall as a condition of employment, following the completion of the probationary period, acquire and maintain membership in the Union.

5.02 Employees **will** pay their Union initiation fees, dues, monies and assessments through payroll deductions which will be made by the Company and remitted to the Financial Secretary of the Local Union by the end of the month following the month in which deductions are made. With each remittance, the Company **will** include an itemized statement showing each employee's name in full, (listed in alphabetical order, if possible), individual amounts and totals, with a copy to the sub-local Secretary Treasurer.

- 5.03** (a) Union **dues** will be deducted per pay and any deduction which is missed will be made in the next pay period, or upon notification.
- (b) The Union will inform the Company in writing of the particulars regarding all applicable deductions and any change in amounts.
- (c) The Company will insert the total amount of Union dues on each employee's T-4 slip.
- 5.04** Education Fund: The Company will contribute to the Union Education Fund five cents (\$0.05) per monthly payroll hour per employee. Such contributions shall be made monthly by separate cheque and statement, along with the checkoff remittance. Effective the last day of the agreement change "five cents (\$0.05)" to "one-third of one percent (1/3%)" of the general labour rate.
- 5.05** Goodwill Fund: To compensate the Union for its goodwill in allowing the Company flexibility in its controlled use of contractors, the Company agrees to pay "two cents (\$0.02)" effective March 11, 2002 and "three cents (\$0.03)" effective March 11, 2005 per monthly payroll hour per employee, to the union sub-local.

ARTICLE 6 UNION COMMITTEES

- 6.01** Union Negotiating Committee: The Union negotiating committee will consist of not more than four (4) employees.
- Union Grievance Committee: The Union grievance committee shall consist of not more than three (3) employees.
- (a) It is clearly understood that stewards and other Union officials will not absent themselves from their regular duties to deal with grievances of employees, or with other Union business, without approval from their supervisor.
- (b) The Union will notify the Company in writing of the names of all stewards and committee members, and any changes that may occur.
- (c) The Company agrees to compensate the Union Committee member(s) for time spent in meetings and payment will be at the regular straight time rate of pay for:
- their regular scheduled shifts in negotiations; and
 - time spent during grievance procedure meetings with the Company

- (d) The Union Executive (maximum 4 people) shall receive eight (8) hours unpaid leave per month. A one-week notice must be given prior to allowance of such time. Such day off shall coincide with the monthly Union/Management meeting and the time spent at the meeting will be paid at their straight time regular rate.

ARTICLE 7 GRIEVANCE PROCEDURE

- 7.01** A grievance is defined to be any difference between the parties or between an employee and the Company, relating to the interpretation, application, administration or alleged violation of this agreement.
- 7.02** (a) To be considered, a grievance must be presented within seven (7) days from the incident occurrence. Saturdays, Sundays and paid holidays as per article 15 are excluded from the time limits in this article.
- (b) Complaints deriving from the interpretation or application of the terms of this Agreement shall be discussed between the employee and the immediate supervisor. The employee may be accompanied by their steward. The time constraints outlined in Article 7.03 will not be affected by this process.
- 7.03** The time limits of the grievance procedure referred to below may be modified by mutual consent of the parties. Formal grievances shall be handled in the following manner:

STEP 1

The aggrieved employee and the steward shall take the matter to the immediate supervisor in writing within seven (7) days from incident occurrence. The written grievance shall refer to the specific Article(s) of this Agreement that are in question. The supervisor shall render a decision in writing within two (2) days from the date of the initiation of the formal grievance procedure.

STEP 2

If a satisfactory settlement is not reached, the Union chairperson and/or the steward shall present the matter in writing within two (2) days to the aggrieved employee's department manager. A decision shall be rendered within three (3) days of receiving the written grievance.

STEP 3

If a satisfactory settlement is not reached at STEP 2, the matter shall be referred by the Union grievance committee to the General Manager or designate in writing within five (5) days of the decision in STEP 2. The matter will be discussed at a meeting involving the Union Grievance Committee and the manager or designate, a human resources representative, and supervisor (optional). The aggrieved employee may be present at this meeting if both parties agree. Such request shall not be unreasonably denied.

A written decision shall be rendered within five (5) days following the date of such meeting.

7.04 The Union representative and the human resources manager or designate may be present, or provide direction, at any step of the grievance procedure if requested by either party.

7.05 Group Grievance: A grievance on behalf of more than one employee may be presented directly at STEP 1 listing the names of the grievors.

Policy Grievance: A policy grievance will confine itself to matters relating to the interpretation, administration, application or alleged violation of the agreement, which are inappropriate for an employee grievance single or group.

Such grievances shall be submitted in writing by the chairperson or secretary treasurer of the Union **at STEP 3** of the grievance procedure, within fifteen **(15)** days from where the circumstances giving rise to it occurred or originated. The time limits may be extended by mutual agreement.

7.06 The Company itself may file a grievance with the chairperson of the Union grievance committee and shall forward a copy of the grievance to the office of Local 1000. Said grievance shall be entered by the manager or general manager of the operation. If a satisfactory settlement has not been reached within five (5) days of receiving the grievance, the matter shall be discussed at a meeting arranged mutually between the Union grievance committee and the manager. The Union representative and the Company labour relations manager or designate may be present at this meeting. If a satisfactory settlement is not reached within three (3) days of the meeting, the grievance may be referred to arbitration as outlined in Article 8.

ARTICLE 8 ARBITRATION

- 8.01** Where a grievance is referred to arbitration the party making the referral will notify the other party in writing within thirty (30) calendar days of its election of proceeding with a single arbitrator "arbitrator" or a tripartite arbitration board "board".
- 8.02** Where election is made for an arbitrator, the party making the referral will name one or more persons to act as an arbitrator in its notice of referral. The other party will respond in writing within five (5) days naming its choice of arbitrator. Upon failure by the party receiving notice to name an arbitrator or failure by the parties to agree upon an arbitrator within the time limits, either party may request that an arbitrator be appointed by the Minister of Labour of Ontario.
- 8.03** Where election is made for a board, the party making the referral will name its appointee to such board in the notice of referral. The other party will respond in writing within five (5) days by naming its appointee. The two appointees so selected will, within five (5) days of the appointment of the second of them, appoint a third person who shall chair the board.
- Upon failure by the party receiving notice to name its appointee or upon failure by the two appointees to agree on a chairperson within the time limited, either party may request that the Minister of Labour for Ontario appoint one or both persons as required.
- 8.04** The arbitrator or board will have no authority to alter, change or modify any of the terms and conditions of this agreement. Any question as to arbitrability will be determined by the arbitrator or board.
- 8.05** The decision of the arbitrator or of the board shall be final and binding.
- 8.06** Each party to this agreement will pay the fees and expenses of the member of the board selected by it or by the Minister and will share equally in paying the fees and expenses of the chairperson of the board or of the arbitrator.
- 8.07** No person may be appointed as an arbitrator who has been involved in an attempt to negotiate or settle the grievance.

ARTICLE 9 DISCIPLINE

9.01 In all cases of disciplinary measures, except offences that warrant immediate discharge, or suspension, corrective discipline may follow this procedure:

STEP 1

Verbal Warning: Record of this occurrence will be made in the employee's personnel file.

STEP 2

Written Warning: The second offense requiring disciplinary measures may warrant a written reprimand.

STEP 3

Written Warning and Suspension: The third offense requiring disciplinary measures may warrant a written reprimand and a suspension from work to a maximum of five (5) working days without pay.

STEP 4

Dismissal: The fourth offense requiring disciplinary measures may warrant dismissal.

The appropriate steward shall be present at the time said warnings are given.

9.02 Suspension or dismissal grievances will be dealt with immediately at STEP 2 of the grievance procedure.

9.03 The Union **shall** be entitled to copies of all formal reprimands.

9.04 For the purposes of disciplinary action, any warnings on file will be backed down one (1) step after a period of seven (7) calendar months worked by the employee from the date of the last incident that gave rise to the discipline.

ARTICLE 10 SENIORITY

- 10.01** The Company recognizes the principle of seniority in the bargaining unit, and agrees to grant preference to senior employees in the areas of promotion, transfer (except temporary transfers), lay-off and recall, subject to the articles below.
- 10.02** New employees will serve a probationary period of 380 hours worked before acquiring seniority rights. Seniority will date back to the employees date of hire. Probationary employees may be dismissed with cause. The parties agree that in discipline cases for probationary employees the standard of cause will be less than employees with seniority. The Union will be notified of the cause of the discharge. These time limits may be extended by mutual consent of both parties.
- 10.03** Seniority shall cease and employment shall be terminated for any employee under any of the following conditions:
- (a) if the employee voluntarily quits;
 - (b) if the employee is discharged for just cause and is not reinstated in accordance with the provisions of this agreement;
 - (c) during a lay-off of more than twenty-four (24) months;
 - (d) if an employee fails, after a lay-off, to return to work within five (5) working days after the Company has given the employee notice of recall by registered mail at the employee's last known address, or within five (5) working days when the employee has been successfully notified by the Company by telephone or in person.
- 10.04** Employees who are promoted out of the bargaining unit shall maintain seniority for a period of up to six (6) months. Such employees may return to their position in the bargaining unit prior to the expiration of this period. If such employees return to the bargaining unit after six (6) months they will return as a probationary employee as per Article 10.02.

The time limits outlined above may be extended by mutual consent of the parties.

If such employees are discharged from their position outside of the bargaining unit, they shall be deemed discharged from the bargaining unit.

10.05 In cases of lay-off and recall after lay-off, promotions, work during slow-down periods, the following factors shall be considered:

- (a) Seniority
- (b) Skill and ability of the employee to perform the required work. Employees shall receive orientation when bumping.

When qualifications in factor (b) are equal, factor (a) shall govern.

10.06 Revised seniority lists will be posted by the company every four (4) months.

10.07 (a) When jobs are discontinued due to the introduction of new methods and/or equipment or the permanent reduction of operations, affected employees shall be offered employment in accordance with Article 10.05. To avoid a permanent layoff, senior employees shall be offered training on base rate up to level 3 positions.

- (b) (i) When a temporary layoff of more than 14 calendar days occurs, employees displaced can bump plant-wide to jobs that they have the skill and ability to perform. Employees affected shall receive re-familiarization.

(ii) An employee who is exercising their right to bump, will displace the least senior employee in the classification on the shift of their choice.

- (c) When a short term (14 calendar days or less) lay-off occurs, the junior employees in the department (Sawmill or Flooring Plant) shall be laid off first, provided that those employees remaining have the skill and ability to perform the **jobs** available.

- (d) Employees displaced will go back in the classification from which they were first displaced if the job becomes available. However, if the employee bids successfully on a classification vacancy, the above will not apply.

10.08 Student Employment Students hired during the holiday period(s) and weekends will be considered as probationary employees for the full duration of their employment. If a layoff is required, the students will be laid off in order of last-in, first out.

Students must re-apply for permanent employment and if accepted, will start as a new employee with respect to Union seniority.

ARTICLE 11 JOB POSTINGS

- 11.01** (a) In the event that vacancies for positions of more than thirty (30) working days duration occur and/or new positions are created, the Company will post such new jobs or vacancies plant-wide for a period of three (3) working days. Applications for such postings will be made in writing to the Company official designated on the job posting notice with a duplicate copy to the Union chairperson.
- (b) Training positions for apprentices shall be posted division wide.
- (c) Classifications of base rate jobs will not be posted.
- 11.02** (a) In the event that two (2) or more employees apply, the Company will consider the factors outlined in Article 10.05 (a) and (b). Probation employees can apply for job postings, but preference shall be given to employees with seniority.
- (b) Employees on maternity leave shall be able to apply for job postings that may occur during the employees leave. The Company will assign a junior employee on a temporary basis for the remainder of the leave.
- (c) Any training obtained through a temporary transfer would not count as skill and ability for Job Posting purposes. Skill and ability would be acquired through temporary job postings or training postings.
- (d) When cross training is required, the Company will canvass employees on that shift within that department and offer training in order of seniority. The three departments being: Sawmill, Lumber Yard, Flooring Plant.
- 11.03** Where no qualified applicants apply for a job posting, such job posting shall automatically become a job-training posting (up to Level 3 positions). Should no one apply for the job posting, the Company reserves the right to hire.
- 11.04** (a) Three (3) job postings, including the original **job** posting, will be posted in accordance with the terms of this Agreement. Thereafter, any vacancy will be filled by the Company giving consideration to employees from general labourer up to parallel classifications.

(b) Posted positions will be filled within five (5) working days after the three (3) working day job posting period. The Company will post the name of the successful applicant no later than five (5) working days after the decision has been made.

- 11.05** The Company may, within a trial period of ten (10) working days, remove an employee from the job, who, in the opinion of the Company, does not possess the necessary skill, or ability, or qualifications, to perform the job available at the Company's standard of efficiency. The trial period may be extended by mutual consent of the Union and the Company.
- 11.06** Successful applicants for a posted job will have up to ten (10) working days to return to their original job, which will be classed as temporary for that period. This procedure is considered a job posting for the purposes of Article 11.08.
- 11.07** Nothing provided herein shall preclude the Company from making a temporary appointment to any such position until the vacancy or new job is filled.
- 11.08** It is agreed that the successful applicant of the **job** posting procedure will not be awarded another job posting for a period of four (4) months - except that an employee holding a temporary posting may bid on that position if that temporary becomes a permanent posting. **No** employee shall be allowed to apply for more than two (2) job postings during any twelve (12) month period unless the **job** is of higher pay or the employee is transferred by mutual consent. Employees chosen for a permanent posting in another department shall not be allowed to post for another posting outside of the department for a period of one (1) year unless the job is of higher pay.
- 11.09** The Company agrees to continue the training program for specified classifications. These positions will be posted by the Company on bulletin boards for three (3) working days in order that all interested employees may apply. Trainees will be chosen according to the following factors: seniority and ability. However, for training on Level 4 positions and above, excessive absenteeism and/or serious work performance factors will also be considered. The successful applicant cannot sign another Job Training Posting for a period of four (4) months, nor more often than two (2) times during any twelve (12) month period, within a department. Trainees chosen from another department shall not be allowed to post for another training or job posting outside the department for a period of one (1) year.

Trainees selected for training positions from list a) below will be selected from within the department where the posting originated. All other training postings will be plant-wide. Employees accepting training from list b), specialized skill positions, must accept the posting if the vacancy occurs within twelve (12) months of completion of training.

(a) **Sawmill:** Shipper/Inventory, Utility, Saw Filers, Sawyer, Edger Operator, Debarker Operator and Mobile Boom Operator

Flooring: Utility, Shipper/Inventory, Matcher Operator, Quality Control, Filer, Grader/Nester

(b) **Sawmill:** Shipper/Inventory, Utility, Saw Filers, Sawyer, Bulldozer Operator, Log Scaler, Lumber Inspector, Debarker Operator, Mobile Boom Operator, All Trades.

Flooring: Utility, Shipper/Inventory, Matcher Operator, Quality Control, Filer, Optimizing Operator/Grader, Grader Nester, Engineer 4th Class, Kiln Operator, All Trades

11.10 A vacancy due to illness, injury or leave of absence for more than thirty (30) working days shall be posted as soon as it is known by the supervisor or designate and awarded as per Article 11. These positions will remain in effect until the absent employee returns to work, or the employee's eligibility to return to work expires as per Article 10 after which the vacancy will be posted as a permanent position.

11.11 Where the Company intends to do major modifications of an existing occupation or introduce a new occupation, the Company will notify the Union in writing and meet for the purpose of negotiating a rate for the new or modified occupation prior to implementation. At the end of a thirty (30) day trial period following implementation, the parties will meet again to review the matter and the new or modified occupation will become part of the schedule of wages. If a rate increase is justified, the rate will be retroactive.

11.12 In the event that a shift, either in whole or in part, is added to any plant or operation, the Company will formulate one (1) posting for all new positions to allow existing employees to apply.

ARTICLE 12 TEMPORARY TRANSFERS

- 12.01** For the purposes of this Agreement, temporary transfers shall mean a transfer not exceeding thirty (30) working days unless mutually agreed upon by the Company and the Union to extend the length of the temporary position.
- 12.02** Any employee who, for the convenience of the Company, is temporarily transferred to another job shall be paid as follows:
- (a) if the rate of pay for the job to which the employee is transferred is less than the rate of pay for the employee's regular job, the employee shall receive the higher rate of pay;
 - (b) if the rate of pay for the **job** to which the employee is transferred is higher than the employee's regular rate of pay, the employee shall receive the higher rate of pay.
- 12.03** Employees who, at their own request, are temporarily transferred to another job, shall receive the rate of pay for the job to which they are transferred.
- 12.04** Any employee who for the convenience for the Company, is transferred from the second shift on one calendar day to the first shift on the next calendar day immediately following, shall be paid the full normal hours per day for that shift as outlined in Article 13. This clause will only apply under the following conditions:
- (a) the employee must work a minimum of five (5) hours of the second shift;
 - (b) the employee must report for the first shift at the normal starting time for that shift.

ARTICLE 13 HOURS OF WORK AND OVERTIME

- 13.01** The normal work week shall not exceed forty (40) hours. Before introducing a new work schedule pattern discussions will be held with the Union executive prior to implementation.
- 13.02** (a) One ten minute rest period with pay during each half of each shift will be provided for all employees. A one half (112) hour lunch break will be provided without pay, for all employees.

- (b) For the Kiln and Security schedules, employees will work through the lunch breaks with pay unless relief is provided. If relief is provided, the employee will not be paid for the lunch break.

13.03 All hours worked in excess of the normal workweek or the normal work hours per day shall be paid as follows:

- (a) time and one-half
- (b) double time for Sunday unless regularly scheduled
- (c) where Sunday is regularly scheduled, the "double time" day shall be deemed to be the regularly scheduled 2nd day off. (On Operating Shifts starting Sunday afternoon or evening, the double time will be applied to the 24-hour period prior to the shift start-up.)

13.04 Employees working on a twelve-hour schedule, 36 and 48-hour workweek, the hours of work shall be averaged to determine entitlement to overtime, maintaining the intent and principle of the forty-hour week. Such employees shall be paid overtime for all hours worked beyond their normal workday or normal workweek or in excess of 44 hours per week.

13.05 When overtime work is required, it will first be offered on a voluntary basis to the employees who normally perform the work, then to qualified employees on the basis of seniority.

On back-to-back shifts, overtime at the start of a shift shall be offered first to the employees on the previous shift and for overtime required at the end of a shift shall be first offered to the incoming shift employees.

It is agreed that assigned overtime will be divided as equally as possible among the employees who normally perform the work and qualified employees.

13.06 If the workweek is reduced due to a paid holiday outlined in Article 15, it shall be deemed as time worked in computation of overtime hours.

13.07 For employees in the Forestry operations, the Company will pay employees travel time one (1) way from the Company's designated base gathering place to the place of work at the employee's regular rate of pay. Such hours will not be considered as overtime hours in the computation of overtime pay. A travel time bonus of four dollars (\$4.00) per day will be paid in lieu of return travel for days worked for Forestry employees.

13.08 The Company will notify the affected employee as early as possible of a shift change.

ARTICLE 14 VACATIONS

14.01 Every employee of the Company shall be entitled to, and shall be required to take, an annual vacation of at least two (2) weeks. In the event the Company decides to shut down plant operation, in whole or in part, the Company will notify the employees to be affected of its decision by May 31st of each year. Such shutdown may occur in July or August. Any vacation entitlement shall be taken at this time except as otherwise provided for in this Agreement.

14.02 Vacations will not be permitted to interrupt normal plant operations. The Union recognizes the right of the Company to stagger vacations for maintenance personnel.

14.03 A regular employee who has completed the following years or more of continuous service will be entitled to receive in that calendar year a vacation with pay calculated as a percentage of the employee's gross earnings in the preceding calendar year, as follows:

Service	Time off	Rate
Less than one year *(a)	up to 2 weeks	4%
More than 1 year	2 weeks	4%
More than 5 years	3 weeks	6%
More than 12 years	4 weeks	8%
Jan 1, 2002 More than 11 years	4 weeks	8%
Jan 1, 2004 More than 10 years	4 weeks	8%
More than 22 years	5 weeks	10%
Jan 1, 2004 More than 21 years	5 weeks	10%
Jan 1, 2006 More than 20 years	5 weeks	10%

When increases occur, the percentage calculation as indicated below shall be accrued as of the anniversary date of the employee.

- *a) Regular employees, who as of January 1 of any year have completed less than one (1) year of continuous service, will be entitled to receive in that calendar year a vacation equivalent to one (1) day per month in the preceding calendar year up to a maximum of two weeks or 10 days and the pay will be calculated at 4% of the employee's gross earnings in the preceding calendar year.

14.04 The vacation pay allowance shall be paid as follows:

- a) Within the week prior to the vacation period
- b) As a continuous pay method for the period of vacation
- c) The total amount owing or the balance of a) &/or b) shall be paid on or about December 10th annually.
- d) The Company requires two (2) weeks notice in writing for vacation requests under a) and b). Supervisor will confirm within one week (i.e., respond on employee's written request).

14.05 Where an employee is entitled to a period of vacation longer than the annual shutdown, the additional vacation may be taken at a time agreed upon by the Company and the employee. In the event of conflicting requests for vacation time, preference will be given to the most senior employee, providing written request is received before May 1st.

14.06 If the day of observance of a paid holiday as defined in Article 15 falls within the period of approved vacation of any employee, the employee shall be paid for such holiday, or the vacation may be extended one (1) day, upon the approval by the employee's supervisor.

ARTICLE 15 PAID HOLIDAYS

15.01 The following holidays shall be paid to employees at their regular rate of pay without the performance of work. An employee required to work on a holiday shall be paid for all hours worked at one and one-half (1½) times the regular rate in addition to the holiday pay.

New Year's Day	Labour Day
Good Friday	Thanksgiving Day
Victoria Day	The day before Christmas Day
Canada Day	Christmas Day
Civic Holiday	Boxing Day

In addition to the above, each employee shall be entitled to one floating holiday per year. Effective March 11, 2004, each employee shall be entitled to two floating holidays per year.

Request for floating holidays should be in writing with two weeks advance notice and shall be subject to approval of the Supervisor. Such floating holiday must be taken during the calendar year. If the floating holiday is not taken by December 31st, employees will be compensated at their regular hourly pay rate for hours normally worked per shift, but at no less than eight (8) hours.

- 15.02** Employees must have completed their probationary period to qualify for payment for the holidays.
- 15.03** Payment for the aforesaid holidays shall not be made if an employee does not work on their last full regular scheduled shift on the day immediately prior to, and the first regular scheduled shift immediately following paid holidays as described in Article 15.01.

Article 15.03 will not apply under the following conditions:

- a) absence approved by the supervisor
 - b) where an employee was laid-off prior to the holiday and had earned wages on at least twelve (12) days during the four (4) weeks immediately preceding the holiday.
- 15.04** Where a holiday falls upon a working day, the parties agree to substitute another working day for the holiday. This substituted day shall not be later than two (2) weeks from the date of the holiday, and the day so substituted shall be deemed to be the holiday.
- 15.05** For the purposes of payment for the holidays outlined in Article 15.01, employees will be paid their regular rate of pay for the number of straight time hours they would normally work on that day and to include shift premium.
- 15.06** Minute of Mourning: In recognition of workers who have been killed in the workplace, the Company agrees to observe a one (1) minute of silence at approximately 11:00 a.m. and lower any flags upon the property to a position of "half mast" on the date of April 28th of each year.

ARTICLE 16 LEAVE OF ABSENCE

16.01 The Company, in its sole discretion, may grant leave of absence, or extensions thereof, to employees for personal reasons. Such leaves of absence will not exceed three (3) months. The request shall be provided in writing to the employee's immediate supervisor at least two (2) weeks in advance, if possible, and the reasons for the leave of absence stated. Such leave of absence shall be without pay.

16.02 Leave of absence, without pay, will be granted to employees who are required to attend Union business for a period of up to one (1) year or longer if mutually agreed.

16.03 Leave of absence will not be granted for reasons of self-employment or seeking alternate employment. If at any time, it is found that an employee on leave has accepted employment elsewhere, either temporary or for trial purposes, the employee will be considered as having quit as of that time, and will have lost all seniority.

16.04 Extensions to leaves of absence will be considered by the Company if the employee provides:

- (a) written notice five (5) working days prior to expiration date if leave of absence is less than three (3) months in duration;
- (b) written notice two (2) weeks prior to the expiration date if the leave of absence is more than three (3) months.

16.05 Employees not returning upon the expiration of leave of absence, or extensions thereof, shall be considered to have quit voluntarily.

ARTICLE 17 BEREAVEMENT LEAVE AND BEREAVEMENT PAY

17.01 When a death occurs in an employee's immediate family, the Company will grant the following time off with pay, these days will be taken within the seven (7) calendar days following the death

- (a) In the case of current spouse or children or current step-children, five (5) working days with a maximum of forty (40) hours.

- (b) In the case of mother, father, sister, brother, grandparents, grandchildren, current mother-in-law, current father-in-law, and current step parents, three (3) consecutive working days.
- (c) In the case of a current spouse's grandparents, current brother-in-law, current sister-in-law one (1) day which must be the day of the funeral.

17.02 Employees will be paid only for the actual working day(s) they will have missed. Employees must have completed their probationary period to qualify for payment of bereavement leave.

17.03 Where it is necessary because of distance, the employee may apply for a personal leave of absence in addition to the bereavement leave. The additional leave will be without pay. Permission for such leave shall not be unreasonably withheld.

ARTICLE 18 JURY DUTY

18.01 Upon completion of the probationary period, the Company will pay employees who are required to perform jury service, or subpoenaed as a witness the difference between their regular hourly rate for the number of hours normally worked in their regular shift, and the payment received for the above service. Employees will present proof of service and the amount of pay received.

18.02 Payment for jury duty or subpoena duty will not be provided under the following conditions:

- (a) for Saturdays, Sundays and holidays;
- (b) during an employee's vacation if notice of jury duty, or subpoenaed as a witness is received during the vacation. If notice is received prior to the vacation, the Company shall reschedule the vacation time and grant jury duty or witness pay according to the provisions of this Agreement;
- (c) during a lay-off
- (d) for more than the number of hours regularly scheduled for the employee's job;
- (e) in the event that jury service or subpoena duty on any one day is one-half (1/2) day or less, employees will be required to devote the remainder of the day to their regular duties with the Company;

- (f) for a period in excess of ten **(10)** days of jury service or witness duty for any one (1) case.

ARTICLE 19 STAND-BY PAY

- 19.01** In the event an employee is required to stand-by for any reason, such employees shall be paid their regular rate of pay for such hours, or two **(2)** hours pay, whichever is greater.

ARTICLE 20 REPORTING ALLOWANCE

- 20.01** Employees reporting for work on a regular shift without having been notified by telephone previously not to report, shall be given four **(4)** hours pay at their regular rate. This clause will not apply in cases of power failure, fire, flood, or other conditions outside of the control of the Company.
- 20.02** If required by the Company, employees may be asked to perform work during the said four (4) hours, in any part of the operation at their regular rate of pay.

ARTICLE 21 CALL-IN PAY

- 21.01** Employees who are called back to work, after having left the Company premises at the end of their regular shift, shall receive four (4) hours pay at their regular rate of pay, or time and one-half for hours worked, whichever is greater.
- 21.02** Call-in pay shall only apply if such call-in was not pre-arranged before the employee left the Company premises.

ARTICLE 22 MINIMUM RECOMPENSE

- 22.01** If employees commence work on their shift and the operation stops prior to the completion of the shift, the employee shall receive a minimum of four (4) hours pay at regular rates. To qualify employees must accept alternative work available.

ARTICLE 23 BULLETIN BOARDS

23.01 The employees shall have the use of bulletin boards in the plant premises for the purpose of posting notices of Union activity. All such notices must be signed by the proper officers of the Union and approved by the Company before being posted.

ARTICLE 24 NOTICES

24.01 Any notices required to be made to one party or the other shall be addressed as follows or as amended in writing:

(a) To the Company: Vice-president & General Manager
Tembec Industries Inc., Huntsville Division
80 Old North Road, P.O. Box 5616
Huntsville, Ontario P1H 2J4

with a copy to: Human Resources Manager
Tembec Industries Inc., Huntsville Division
80 Old North Road, P.O. Box 5616
Huntsville, Ontario P1H 2J4

(b) To the union: Union Representative
I.W.A. - Canada
20 East Perth Bay
Sault Ste. Marie, Ontario P6C 5Z9

with a copy to: I.W.A. - Canada
2088 Weston Road
Weston, Ontario M9N 1X4

ARTICLE 25 HEALTH AND SAFETY

25.01 The Company shall make all reasonable provisions for the safety and health of its employees. The safety committee, consisting of equal representation from the Union and the Company shall have the right to make recommendations to the Company respecting the safety and health of the employees.

- 25.02** The Union agrees to co-operate with the Company in the enforcement of the approved and posted safety rules.
- 25.03** The Company may require a medical examination of an employee, at any time, at the Company's expense. The employee will be compensated for any regular scheduled hours lost while attending such an examination.
- 25.04** The Company will supply employees with hearing protection, hard hats, eye protection, dust masks and work gloves. The Company will supply aprons and rubber boots to employees who require them to perform their jobs. Upon returning any of the above mentioned safety apparel that has been damaged or worn out during regular duties, the employee shall receive new apparel from the Company at no cost.
- 25.05** New employees shall sign for the safety apparel outlined in Article 25.04. If the safety apparel is not returned upon termination of employment, the cost will be deducted from the employee's final pay.
- 25.06** The Company will provide a safety boot allowance of one hundred dollars (\$100.00) annually to all active employees for the purchase of safety footwear. Effective March 11, 2002, increase to a maximum of one hundred ten dollars (\$110.00) and effective March 11, 2004 to one hundred twenty dollars (\$120.00). The boot allowance will be paid annually on or about December 1st.
- New employees: If a new employee quits or is terminated before end of probationary period, the amount of any reimbursement made will be deducted from their wages.
- 25.07** The Company agrees to allow employees to purchase safety footwear by a maximum of two (2) payroll deductions.

ARTICLE 26 WAGES

- 26.01** The schedule of wage rates, Schedule "A", is attached hereto and forms part of this Agreement.
- 26.02** Shift differentials for rotating and non-rotating shifts shall be paid as follows:
- (a) Second (2nd) Shift: a shift premium of fifty cents (\$0.50) per hour.

- (b) Third (3rd) Shift: a shift premium of **sixty** cents (\$0.60) per hour. Increase to sixty-five (**\$0.65**) effective March 11, 2003.

An attendance bonus of fifty cents (\$0.50) per hour on non-rotating third shift. The bonus is conditional upon being at work for all scheduled hours, unless the absence is excused by the supervisor.

- (c) Kiln Operators shall be paid sixty cents (\$0.60) for a weekend premium. (A weekend will be Friday **12** midnight to Monday **7:00** a.m.)
- (d) Shift premium will be added to all regular and overtime hours worked on the second or third shifts.

26.03 Employees in training will receive the rate one (**1**) level below the classified rate, except employees training in level one (**1**) positions who shall receive the classified rate.

26.04 Employees will be readily available to work when on pager duty and will be compensated as follows:

One (**1**) hour at their regular rate per weekday

Four (**4**) hours at their regular rate per weekend

Two (**2**) hours at their regular rate on a statutory holiday

For the purpose of this article, a weekday will be:

Monday to Thursday **4:00** p.m. to **7:00** a.m. of the following day

Friday **1:20** p.m. to **12:00** midnight

A weekend will be: Friday **12:00** midnight to Monday **7:00** a.m.

26.05 To compensate Forestry employees for the use of their personal chain saw, the Company will pay a chain saw and chain saw pant allowance of seventeen dollars (**\$17.00**) per day. If requested by the Company to make the chain saw available at the worksite, but not used, a standby allowance of five dollars (\$5.00) per day will be paid.

26.06 Employees performing the Lead Hand classification shall be paid a premium of seventy-five cents (\$0.75) per hour.

ARTICLE 27 BENEFITS

- 27.01** The Company agrees to provide the following benefits as outlined below. Where the coverage is provided by an insurance company, the coverage will be administered in accordance with the terms and conditions established by the respective carrier. Benefit booklets or updates shall be distributed to all employees within sixty (60) days of ratification with 30-day extension(s) upon notification to the Union. If there is a change of carrier, the new benefit books shall also be distributed within ninety (90) days of the change with 30-day extension(s) upon notification to the Union.
- 27.02** Ontario Health Insurance Plan: - one-hundred percent (100%) of the cost of health insurance plan premiums
- 27.03** Extended Health Plan - as defined in the provisions of the Benefit Booklet provided by the insurer dated May 15, 2001
- (a) semi-private hospital coverage.
 - (b) one hundred percent (100%) of the premium cost of Prescription Drug Plan. Effective April 1, 2002, the Company agrees to implement a Pay Direct Drug card with an employee CO-payment of \$5.00 per prescription. Effective April 1, 2004, change to \$3.00.
 - (c) one hundred percent (100%) of the premium cost of a Vision Care Plan (\$200.00 per family member per 24 month period).
- 27.04** Dental Insurance Plan: seventy percent (70%) of the premium cost of a Dental Plan as defined in the dental insurance provisions of the Benefit Booklet provided by the carrier dated May 15, 2001. Effective the first of the month following ratification, February 2, 2002, increase to 75% and effective April 1, 2005, increase to 80% of premium cost. (Two (2) year lag). 100% reimbursement. Twenty-five dollars (\$25.00) deductible for single coverage and fifty dollars (\$50.00) deductible for family. The Dental Plan shall include coverage for dentures with the cost of dentures being reimbursed at 50% to a maximum of \$1000.00 per year per insured person.

27.05 Group Life Insurance: one hundred percent (100%) of the premium cost of Group Life Insurance of \$30,000.00 effective date of ratification, February 2, 2002.

Effective April 1, 2003 to \$40,000.00

Effective April 1, 2005 to \$50,000.00

One hundred percent (100%) of the premium cost of A.D.& D. (Accidental Death and Dismemberment).

Coverage is per the provisions of the Group Life Insurance and A.D.& D. Insurance defined in the Benefit booklet of May 15, 2001.

27.06 The Company agrees to provide extended health, dental and life insurance benefits for the first 24 months while an employee is off work due to medically-certified disability providing that any premiums or portion thereof normally payable by the employee are paid in advance (up to the 24 month limit).

27.07 Short Term Disability Plan: (Effective January 1, 2002)

For active employees, the Company will provide a Short Term Disability plan providing a benefit of 60% of an eligible employee's normal weekly straight time rate to a maximum of \$400.00 per week for a maximum of 2 (two) weeks.

Such benefits will be payable from the first day of non-occupational accident and/or the first day of hospitalization for a non-occupational illness and the third day of disability due to non-occupational illness.

After the completion of Employment Insurance benefits, employees still disabled and off work will receive up to 9 (nine) weeks of additional coverage.

Effective March 11, 2003, increase the weekly maximum to \$410.00

Effective March 11, 2005, increase the weekly maximum to \$420.00.

When there is a delay in receiving EIC benefits to which the employee is entitled, resulting in the employee not receiving any pay on their regular pay day, they will be advanced \$300.00 per week, up to a maximum cumulative advance of \$900.00. The advance will be reimbursed through pay-roll deductions upon their return to work.

27.08 Long Term Disability Plan: Contingent on the acceptance by the membership of and the implementation of an employee-paid Long Term Disability Plan (L.T.D.), the Company agrees to add fifteen cents (\$0.15) to the wage rate.

27.09 Group R.R.S.P.

- (a) An R.R.S.P plan shall be in effect where employees shall contribute five percent (5%) of their gross earnings.

Effective date of ratification, February 2, 2002, the Company will contribute forty three percent (43%) of the employee's five percent (5%) contributions.

Effective first pay period of January, 2003, the Company will contribute forty-five percent (45%) of the employee's five percent (5%) contribution.

Effective first pay period of January 2006, the Company will contribute forty seven percent (**47%**) of the employee's five percent (5%) contribution.

- (b) All contributions to the group R.R.S.P. plan shall be locked in for the term of employment or the age of fifty-five (55). Additional contributions can be made through payroll deductions, including profit sharing.

27.10 (a) Tool Allowance: the Company will provide a tool allowance of three hundred dollars (\$300.00) per contract year, such allowance will be paid on the anniversary of the contract, to all employees required by the Company to supply their own tools.

Effective January 1, 2002, increase to three hundred fifty dollars (350.00).

Effective January 1, 2004, increase to four hundred dollars (\$400.00).

- (b) Tools broken on the job may be replaced at the supervisor's discretion.

ARTICLE 28 DURATION OF AGREEMENT

28.01 This Agreement shall be in effect from March 11, 2001 to March 10, 2006 inclusively and thereafter from year to year unless either party desires to amend the agreement.

The party desiring the change will notify the other party in writing within the period of ninety (90) days before the expiry date of the agreement or before any subsequent anniversary.

Where notice is given as provided herein the parties will meet within the following fifteen (15) days or within such further time as the parties agree upon.

In Witness whereof each of the parties has caused this Agreement to be signed by duly authorized officers or representatives this 6th day March, 2002.

FOR THE COMPANY

FOR THE UNION


Kenton Martin, VP & GM


Teri Johnson, Chairperson,
Union Negotiating Comm.


Gerald Kroes, Sawmill/Forestry Mgr.


Sean Tilley,
Union Negotiating Comm


Tim Martin, Flooring Plant Mgr.

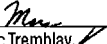

Ken Niemi,
Union Negotiating Comm.


Doris Kelly-Capyk, H.R. Mgr.


Peter Spencley,
Union Negotiating Comm.


Conrad Blake, H.R. Mgr., Mattawa


Calvin Ulrick,
Union Negotiating Comm.


Marc Tremblay,
Labour Relations Mgr., F.R.M.G./F.P.G.


Joe daCosta, President, Local 1000

Schedule "A" WAGE RATES

Schedule "A"
WAGE RATES
Sawmill and Forestry Job Classifications

Effective:	1	2	3	4	5	6	7	8
March 11, 2001	14.24	14.61	15.21	15.88	16.29	16.73	17.72	18.54
March 3, 2002	14.39	14.76	15.36	16.03	16.44	16.88	17.87	18.69
March 11, 2002	14.68	15.06	15.67	16.35	16.77	17.22	18.21	19.06
March 11, 2003	14.97	15.36	15.98	16.68	17.11	17.56	18.59	19.44
March 11, 2004	15.34	15.74	16.38	17.10	17.54	18.00	19.05	19.93
March 11, 2005	15.80	16.21	16.87	17.61	18.07	18.54	19.62	20.53
General Labourer	X							
Resaw Tail	X							
Green Chain Piler	X	>2yrs						
Tally Person		X						
Chipper Operator/Cleanup			X					
Grader Operator			X					
Loader Operator			X					
Sawmill Operator			X	All Jobs Mastered & Rotating*				
Debarker Operator				X				
Mobile Equipment Operator				X				

	1	2	3	4	5	6	7	8
Mobile Boom Operator				X				
Shipper/Inventory				X	>18mth	>3yrs		
Jtility					X			
Saw Filer					Circular Saw Filer X	While training on band saws	Band Saws Mastered	> 2 years
Log Scaler					X		>2yrs	
Lumber Inspector Uncertified					X			
Lumber Inspector NHLA						X	>2yrs	
Sawver							X	>2vrs

**Jobs mastered include Trimmer; Edger; Bull Edger; Resaw, Resaw Tail. Any existing operator(s) not being part of the rotation will stay at the Level 3 rate, except for Resaw Tail which remains at Level 1. It is also understood that any employee posting for future vacancies will be required to be part of the rotation process. Daily rotation frequency shall be as determined by each shift. Employees, per Article 10, who have the skill and ability to perform any of the said jobs, who find themselves in a position to bump and wish to bump into one of the above positions, shall have the right and the Company will establish an appropriate schedule to train them on the other jobs.*

Schedule "A"
WAGE RATES
Flooring Plant Job Classifications

Effective:	1	2	3	4	5	6	7	8
March 11, 2001	14.24	14.61	15.21	15.88	16.29	16.73	17.72	18.54
March 3, 2002	14.39	14.76	15.36	16.03	16.44	16.88	17.87	18.69
March 11, 2002	14.68	15.06	15.67	16.35	16.77	17.22	18.21	19.06
March 11, 2003	14.97	15.36	15.98	16.68	17.11	17.56	18.59	19.44
March 11, 2004	15.34	15.74	16.38	17.10	17.54	18.00	19.05	19.93
March 11, 2005	15.80	16.21	16.87	17.61	18.07	18.54	19.62	20.53
General Labourer	X							
Janitor	X							
Feed Matcher		X	>6mth					
Knot Sawyer - Rough		X	>6mth					
Residue Shipper		X						
Lug Loader		X	>6mth					
Utility (All Level 2)		X						
Security		X						
Stacker Operator		X						
Lift Truck Operator			X					
Mobile Equipment Operator			X					

	1	2	3	4	5	6	7	8
Engineer 4th Class				X				
Kiln Operator				X				
Rip Saw/Hoist Operator			X					
Grader/Nester/Finish Knot Saw			X	>6mth	>18mth			
Utility				X		All Level 5 Jobs Mastered		
Lift Truck Operator/Shipper				X				
Shipper/Inventory				X	>18mth	>3yr		
Matcher				X	>6mth	>18mth	>3yr	
Quality Control					X	>18mth		
Filer B							X	
Filer A							X	>2yr

Schedule "A"
WAGE RATES
Trades Job Classifications

Effective:	D	C	B	A	CC	BB	AA
March 11, 2001	16.68	17.71	18.26	19.40	19.10	19.68	22.15
March 3, 2002	16.83	17.86	18.41	19.55	19.25	19.83	22.30
March 11, 2002	17.17	18.22	18.78	19.94	19.64	20.23	22.75
March 11, 2003	17.51	18.58	19.16	20.34	20.03	20.63	23.21
March 11, 2004	17.95	19.04	19.64	20.85	20.53	21.15	23.79
March 11, 2005	18.49	19.61	20.23	21.48	21.15	21.78	24.50
Industrial Millwright	X	Enrolled or after 2 yrs experience	6 mths or after 5 yrs experience	Certified			
Heavy Industrial Mechanic	X	Enrolled or after 2 yrs experience	6 mths or after 5 yrs experience	Certified			
Industrial Electrician	X	Enrolled or after 2 yrs experience	6 mths or after 5 yrs experience	Certified			
Industrial Machinist	X	Enrolled or after 2 yrs experience	6 mths or after 5 yrs experience	Certified			
Industrial Electrician/Millwright					Enrolled	6 mths	Certified
Industrial Millwright/Machinist					Enrolled	6 mths	Certified

letter of Understanding

I,W.A. Canada local 1000 & Tembec, Huntsville Division

Re: Apprenticeship/Trades Training Program

The Company is committed to apprenticeship/trades training program as required. The parties agree to form an ad hoc committee within 60 days of ratification to review the apprenticeship/trades training program, with general terms and reference as follows, but **not** limited to:

- To establish a structure to test and screen the applicants;
- To review costs;
- Discuss/recommend the number of apprentices required.


Dated at Huntsville, Ontario, this 6th day of March, 2002.


FOR THE COMPANY

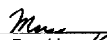

Kenton Martin, VP & GM


Gerald Kroes, Sawmill/Forestry Mgr.


Tim Martin, Flooring Plant Mgr.


Doris Kelly-Capyk, H.R. Mgr.

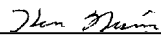

Conrad Blake, H.R. Mgr., Mattawa


Marc Tremblay,
Labour Relations Mgr., F.R.M.G./F.P.G.

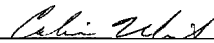
FOR THE UNION


Teri Johnson, Chairperson,
Union Negotiating Comm.


Sean Tilley,
Union Negotiating Comm.


Ken Niemi,
Union Negotiating Comm.


Peter Spencley,
Union Negotiating Comm.


Calvin Ulrick,
Union Negotiating Comm.


Joe daCosta, President, Local 1000

42

Letter of Understanding

I, W.A. Canada Local 1000 & Tembec, Huntsville Division

Re: Weekend Mobile Equipment Operator Premium

It is agreed by both parties that the Weekend Mobile Equipment Operator be paid shift premium of 60 cents per hour and an attendance bonus of 50 cents per hour conditional upon being at work for all scheduled hours, unless the absence is excused by the supervisor. It is understood that the intent of this shift premium is for the Friday to Monday, non-rotating permanent weekend schedule.

Dated at Huntsville, Ontario, this 6th day of March, 2002.

FOR THE COMPANY

FOR THE UNION

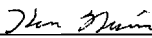

Kenton Martin, VP & GM


Ten Johnson,
Chairperson, Union Negotiating Comm.

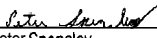

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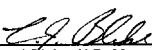

Sean Tilley,
Union Negotiating Comm.

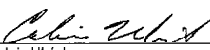

Tim Martin, Flooring Plant Mgr.

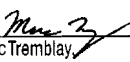

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Joe daCosta, President, Local 1000