October 25, 2010

Subject: Consequences of Decertification or Negotiated Withdrawal on Pension Entitlement (IWA Forest Industry Pension Plan)

Dear Sir:

You have asked that I provide you with the effect of a decertification or withdrawal on the Plan Members who are employed by an Employing Company. The effect of a decertification or withdrawal is as follows:

1. The Member suffers a Break in Service on the date of decertification or withdrawal and becomes an Inactive Plan Member on that date. As an Inactive Member, he is not eligible for the early retirement provisions made available to Active Members. For example:

   a. if an Inactive Member retires at age 60, he receives 64% of his pension; whereas an Active Member receives 100%; and

   b. if an Inactive Member retires at age 55, he receives 42% of his pension; whereas an Active Member receives 82%.

2. Unlike a Member who breaks service for failing to accrue 350 hours in two consecutive calendar years, a Member who breaks service because of a decertification or withdrawal may not apply his unused excess hours to increase his benefit entitlement.

3. If a Member who was vested at the time of decertification or withdrawal subsequently becomes an Active Plan Member again, by virtue of subsequent employment with a participating employer, then:

   a. all pension credits accrued up to the decertification or withdrawal date will remain, subject at retirement to the reductions described in paragraph 1; and

   b. the excess hours accrued and unused at the date of decertification or withdrawal will be unavailable to the Member.

4. The benefit entitlement of a Member who is employed on the decertification or withdrawal date is reduced by a formula adopted by the Trustees to reflect the fact that the Plan currently has an unfunded liability, and the decertifying or withdrawing employer will not be contributing to the reduction of that liability through payment of future contributions.

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5. The amount of the reduction will vary in each case and will be calculated by the Plan's actuary and will reflect the following factors:

   a. the unfunded status of the Plan as measured by the most recent solvency ratio; and

   b. the fact that the plan provides for full funding of the benefits payable to retired members and beneficiaries prior to allocating assets to active members; and

   c. the cost of pensions being paid to Members who retired in the three months prior to decertification or withdrawal; and the past and future cost of pensions to members who are classed as totally and permanently disabled at the decertification or withdrawal date.

6. As an example of the reduction, if a company which decertified or withdrew had no employees who fell in the group described in paragraph 5(b) and (c), then the benefit reduction would be equivalent to the solvency ratio. The solvency ratio from the valuation as at January 1, 2010 was 72%; therefore, the pension entitlement of the employees would be 72% of their pre-decertification or pre-withdrawal entitlements. The reductions attributable to inactive status described in paragraph No. 1 apply in addition to this reduction.

Using the following illustration, let us assume a Plan Member is 55 years old and has accrued a monthly benefit of $1,000 payable at age 65 (normal retirement age):

ACTIVE PLAN MEMBER	**WITHDRAWN PLAN MEMBER**	
Age 65 = $1,000 monthly benefit	Age 65 = $1,000 monthly benefit	
Benefit payable at age 55 = $820	Benefit payable at age 55	$424.19
	Minus Solvency Reduction	- 118.77
	Benefit payable at age 55	****$305.42**

**This amount will be further reduced when the Plan's actuary does the withdrawal calculation.

If you need any additional information, please give me a call.

Sincerely,

Bob Bishoff
General Manager

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cc: Elizabeth Stephen