

## MEMORANDUM OF AGREEMENT

**BETWEEN**                    **CANADIAN FOREST PRODUCTS LTD.**

CHETWYND SAWMILL DIVISION  
CHETWYND LOGGING DIVISION  
FORT ST. JOHN SAWMILL DIVISION  
HOUSTON SAWMILL DIVISION  
ISLE PIERRE SAWMILL DIVISION  
POLAR SAWMILL DIVISION  
PRINCE GEORGE SAWMILL DIVISION  
RUSTAD DIVISION  
J.D. LITTLE FOREST CENTRE  
PRINCE GEORGE CHIP PLANT  
VAVENBY SAWMILL DIVISION  
RADIUM SAWMILL DIVISION  
PLATEAU SAWMILL DIVISION  
QUESNEL SAWMILL DIVISION

**(herein known as the "Company")  
OF THE FIRST PART**

**AND:**                         **UNITED STEELWORKERS Locals 1-405, 1-417 and 1-424  
(herein known as the "Union")  
OF THE SECOND PART**

Subject to the foregoing the Parties hereby agree to the implementation of the following:

### **1. EMPLOYEE INVESTMENT PLAN**

For the term of the plan, the employees will invest the following:

1. 3% vacation pay reduction to the minimum of ESA
2. Vacation Pay on Vacation Pay
3. Floating Holiday Pay
4. Boxing Day Statutory Holiday Pay

This Plan will expire on either December 31, 2011 or when the Western SPF 2x4 #2&BTR, R/L price averages \$300 (CND) over 6 consecutive months, whichever occurs first.

**2. EMPLOYEE INVESTMENT REPAYMENT THROUGH PROFIT SHARING**

Employees will be repaid their investment on a lump sum quarterly basis as outlined per the attached table:

**As Reported Quarterly by Canfor (Solid Wood results)**

<b>ROCE 3% = 25% of Investment</b>
<b>ROCE 4% = 30% of Investment</b>
<b>ROCE 5% = 35% of Investment</b>
<b>ROCE 6% = 40% of Investment</b>
<b>ROCE 7% = 45% of Investment</b>
<b>ROCE 8% = 50% of Investment</b>


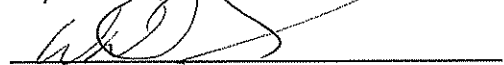
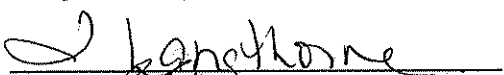


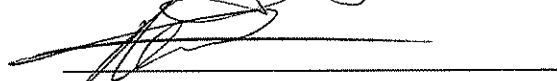
**UNTIL REPAYED IN FULL**

3. This memorandum expires when the investment is repaid in full and may extend beyond the term of the collective agreement.
4. Employees who terminate their employment during the term of this plan will have their outstanding balance of their investment refunded. This will not apply to employees who are discharged for cause.

DATED this 20TH day of FEBRUARY, 2010.

FOR:

**CANADIAN FOREST PRODUCTS LTD**

E.&O.E.

FOR:

**UNITED STEELWORKERS  
Locals 1-405, 1-417 and 1-424**

