

LETTER OF UNDERSTANDING

between

CANADIAN FOREST PRODUCTS LTD  
VAVENBY DIVISION ("Canfor")

and

UNITED STEELWORKERS  
LOCAL 1-417 ("USW")

RE: RATES FOR PERIOD MAY 1, 2015 to APRIL 30, 2017

This LOU will be in effect until April 30, 2017 for both dependent and non-dependent truck owners.

RATE:

Hauling Rate:

Year 1

- Base \$113.82 Fuel \$29.34 = \$143.16 - 3.4085/tonne hr > than 360 min cycle.
- Base \$113.82 Fuel \$25.78 = \$139.60 - 3.3238/tonne hr < than 360 min cycle.

Year 2

- Base \$119.40 Fuel \$29.34 = \$148.74 - 3.5414/tonne hr > than 360 min cycle.
- Base \$119.40 Fuel \$25.78 = \$145.18 - 3.4567/tonne hr < than 360 min cycle.
- or indexed to PG Sawmill whichever is higher (net of fuel)

Fuel priced at \$0.8890 per litre as outlined in the Company's June 22, 2015 letter re: Canfor Monthly Log Hauling Rate Calculation Process.

Fuel price to be adjusted at the beginning of each fiscal month, based on the average of the previous month.

Fuel consumption:

- When cycle time is under 6 hours, rates will be based on fuel consumption of 29 litres per hour
- When cycle time is over 6 hours, rates will be based on fuel consumption of 33 litres per hour.




The hauling rate is calculated based on 42 tonne net payload.

DATED THIS 21st DAY OF August, 2015

USW, Local 1-417

Canadian Forest Products Ltd.

  
\_\_\_\_\_

  
  
  
\_\_\_\_\_