

LETTER OF UNDERSTANDING

#15 #15

BETWEEN: FEDERATED CO-OPERATIVES LIMITED
 FOREST PRODUCTS DIVISION, CANOE
 SAWMILL DIVISION

AND: UNITED STEELWORKERS OF AMERICA - LOCAL 1-417

COMPRESSED WEEKEND MAINTENANCE / KILN SHIFT SCHEDULEPreamble:

The purpose of this agreement is to provide a weekend / maintenance / kiln schedule that will allow for more effective performance of maintenance during non-operation of the production facilities and better utilization of capital.

This agreement covers Millwrights, Electricians, Heavy Duty Mechanics, Planer Technicians, Apprentices, Oilers, Carpenters, Kiln Operator, Kiln/forklift, Forklift Operators, and Hog Truck/Loader Operator.

1. Hours of Work:Schedule #1

Friday:	Ten (10) hours	6:00 am – 4:30 pm
Saturday:	Twelve (12) hours	6:00 am – 6:00 pm
Sunday:	Twelve (12) hours	6:00 am – 6:00 pm

Schedule #2

Saturday:	Twelve (12) hours	9:00 am – 9:00 pm
Sunday:	Twelve (12) hours	9:00 am – 9:00 pm
Monday	Ten (10) hours	6:00 am – 4:30 pm

2. Lunch & Rest Breaks:

- a) For ten (10) hour shifts, rest periods will be one (1) ten (10) minute break and one (1) fifteen (15) minute break plus a one-half hour unpaid meal break.
- b) For twelve (12) hour shifts, rest periods will be two fifteen (15) minute breaks plus a one-half (1/2) hour paid meal break

3. **Payment of Wages:**

For the thirty-four (34) hours worked on this shift schedule, forty (40) hours at straight time rates will be paid in accordance with the provisions of the Collective Agreement. An employee who works less than full portions of the shift(s) will be paid at a multiplied wage rate of one point one seven (1.17) for each hour worked.

4. **Overtime:**

Hours worked in excess of the above scheduled hours will be paid at rate and one-half (1-1/2) after the completion of the ten (10) hour shift and double straight time rates (x2) for all hours worked in excess of eleven (11) hours except for twelve (12) hour shifts. For twelve (12) hour shifts, all hours worked in excess of the regular shift will be paid at double straight-time rates.

5. **Day Shift:**

All hours worked under the above schedules are considered day-shift hours.

6. **Statutory Holidays:**

- a) Employees will be expected to work all statutory holidays, if it falls on their regularly scheduled shift. Christmas Day, Boxing Day, and New Year's Day will be considered non-operating days. If these days fall during the regularly scheduled shift(s), they will be paid for the hours they would have worked at the employee's regular job rate.
- b) Statutory holidays observed on an employee's days off and the personal floating holiday will be paid at eight (8) hours pay at the employee's regular job rate in addition to the regular pay for the alternate shift schedule.

7. **Vacation:**

Under the regular job rate method, vacation pay will be based on hours paid rather than hours worked. An employee who is scheduled to work on the above schedule, and who is on vacation, shall be treated as having taken one-week of vacation.

8. **Bereavement Leave:**

Bereavement Leave shall be paid as per ARTICLE XI – LEAVE OF ABSENCE, Section 6; Bereavement Leave of the Southern Interior Master Agreement with the following exception, "The maximum straight time hours to be paid will be twenty-four (24)".

9. **Jury or Witness Duty:**

Jury or Witness Duty compensation shall be as per the Southern Interior Master Agreement ARTICLE XI – LEAVE OF ABSENCE, Section 7: Jury or Witness Duty for income lost from the regularly scheduled hours of work in the alternate shift schedule.

10. Vacancies:

Job vacancies will be posted as per Letter of Understanding #6, Seniority & Job Posting. If there are not enough bidders for the positions on the shift, the junior qualified employees will be required to work on the shift.

11. General:

- a) Contributions to the Pension Plan, LTD, Health Safety Fund, and the Education Fund will be made based on a minimum of forty (40) hours per week.
- b) The company will ensure there is no loss, no gain to employees who go into and out of this shift.
- c) The probationary period for new employees who work this schedule will be two hundred and forty (240) hours.
- d) Other Articles of the Collective Agreement, which provide benefits after eight (8) hours are extended by the amount the regular hours of work have been increased beyond the eight (8) hours per day.

12. Termination:

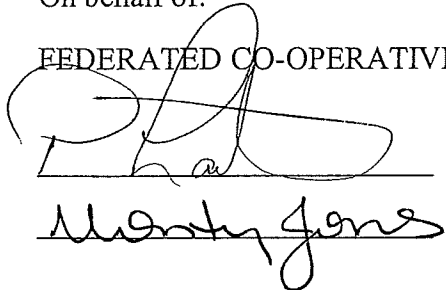
The company will provide fourteen (14) days notice to discontinue an alternate shift except in special circumstances. Employees will revert to the previous shift schedule(s) unless otherwise mutually agreed.

Signed this 16 day of February 2006.

This agreement is subject to ratification by the sawmill employees.

On behalf of:

FEDERATED CO-OPERATIVES LIMITED



UNITED STEELWORKERS OF AMERICA - LOCAL 417

