

LETTER OF UNDERSTANDING

#1

NEW AND EVOLVING WORK

Preamble

Federated Cooperatives Limited (FCL) and IWA - Canada Local 1 - 417 agree to a process which seeks to balance the economic concerns of the company with the needs of its employees to have access to New and Evolving Work.

This process is intended to address:

- i) Employment for regular company employees who are displaced by reductions in Annual Allowable Cuts or other land-use decisions;
- ii) Additional opportunities for bargaining unit employment in new work that may be created in the forest industry;
- iii) Replacement bargaining unit employees in new or evolved work, which may develop in future.

Process

1. This Letter establishes a process for the company and the local union to discuss opportunities for having company employees perform new and evolving work within the forest industry in:
 - Value Added
 - Remanufacturing
2. FCL and IWA - Canada Local 1 - 417 are committed to working towards making new work opportunities available to company employees. It is understood to accomplish these goals the parties must achieve:
 - efficiency and cost effectiveness on a fair and reasonable basis.
 - quality objectives
 - safety objectives
3. The parties recognize that they cannot reasonably anticipate all circumstances and situations, which may arise, so cannot prescribe comprehensive solutions in advance.

- 4. The parties agree that early joint preparation is an important contributor to the successful implementation and administration of the New and Evolving Work Letter.
- 5. Issues must be resolved in a timely fashion.
- 6. This Letter will expire on June 30, 2009, unless specifically renewed by both parties.

Dispute Resolution Process:

In order to assist FCL and IWA - Canada Local 1 - 417 in resolving disputes, which may arise as a result of this Letter, the parties agree to:

- (a) Establish a joint Dispute Resolution Committee comprised of two (2) representatives from management and two (2) representatives from the Union to fact find and assist the company and Local 1 - 417 in reaching a solution.
- (b) Management or the Local Union can request the assistance of the Dispute Resolution Committee.
- (c) The Dispute Resolution Committee may utilize the services of facilitators, mediators, or whatever means in order to reach a final recommended resolution.

Signed this ____ day of _____, 2003

On behalf of:

FEDERATED CO-OPERATIVES LIMITED

IWA - LOCAL 1-417
