

PLAN CONJOINT DES PRODUCTEURS FORESTIERS DU SUD-OUEST DU QUÉBEC

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JOINT PLAN
**An efficient marketing
of wood**
— Editorial page 2 —

CONVOCAZIONE NOTICE ANNUAL GENERAL ASSEMBLY

TO ALL FOREST PRODUCERS OF
SOUTHWESTERN QUEBEC

You are invited by the present convocation to the general assembly of the Joint plan of southwestern Quebec forest producers held at the following location and time :

Thursday, May 25th 2006, 1 : 00 pm

Best Western Hotel
420, Mgr Dubois St., Saint-Jérôme
Tél. : (450) 438-1155

In order to pronounce oneself on the administration of the Joint plan, producers are required to show proof of ownership in the form of tax receipts, wood producer status card, or other.

We will be happy to greet a large number of participants at this assembly.

Armand Plourde
Secretary

ORDERS OF THE DAY

01. Opening of the meeting by designated administrator
02. Reading and adoption of notice of convocation
03. Reading and adoption of the orders of the day
04. Reading and adoption of the minutes of the annual and special annual general assembly for wood producers targeted by the Joint plan of forest producers from the Montreal region held Friday, April 2nd 2004 and of the annual and special annual general assembly for wood producers targeted by the Joint plan of Outaouais-Laurentians forest producers held April 28th 2004
05. Message by the designated administrator
06. Reading and adoption of the activity report
07. Reading and adoption of the financial report
08. Nomination of auditor
09. 2006 orientation
10. Presentation of invited guests
11. Miscellaneous
12. Adjournment of the assembly

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GENERAL INFORMATION

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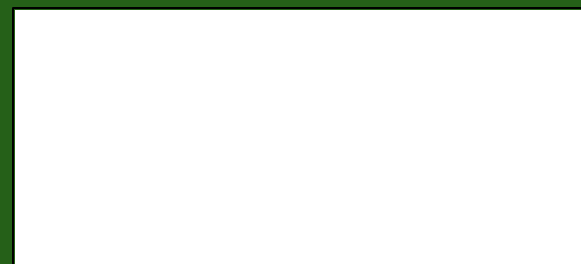
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du Sud-Ouest du Québec
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The production of wood in private woodlots is witnessing a yearly decline such that the decrease in volume delivered to mills is worrying marketing managers. Several reasons can explain the trend: municipal regulations limiting harvested volumes on a property, new woodlot owners seeking country life rather than wood production, a lack of labourers, aging of active producers, not to mention the forest industry's rationalisation. It is within this context that several forest producers' unions began reflecting and acting on remedying the situation. The administrators of the Syndicats des producteurs de bois, Outaouais-Laurentides (SPBOL) and of Montreal have, on their part, examined the advantages of merging their plans. It appeared that a merger of the plans would consolidate certain markets, would increase the negotiation leverage of the producers and would ensure optimal marketing management in order to improve the price to the producers.

For all these reasons, the Régie des marchés agricoles et alimentaires du Québec approved the merger on October 8th, 2004, the decision having been shared by the producer's general assembly, and the ex-joint plans of forest producers of the Outaouais-Laurentians and Montreal regions. A new Joint plan, the Joint plan of southwestern Quebec forest producers, is in effect since January 1st 2005 and nullifies the preceding plans, which automatically ceased to exist. As such, the new Joint plan resulting from the merger of the Outaouais-Laurentians and Montreal plans, bearing all rights and powers, assumes the obligations of its application as a new merged plan, articles 107 and 109 of the Loi sur la mise en marché des produits agricoles et alimentaires du Québec. This law equally foresees, in article 60, that the administration of the plan can be put into application by a professional union exclusively composed of producers concerned by the targeted product. These will be elected during a general assembly. In the case of southwestern Quebec, it was agreed upon during the constituent assemblies of the Joint plans that the administration would be confided to a union composed of an equal number of producers selected from the administrators of the professional union of the Outaouais-Laurentians and Montreal regions. The newly created Union of forest proprietors of southwestern Quebec (*Syndicat des propriétaires forestiers du Sud-Ouest du Québec*) was commissioned with the application of the new Joint plan.

In February 2005, the president of the Syndicat du Sud-Ouest, Mr. Palma Molloy, requested a meeting with the Régie because two confronting positions within the administrative council were paralyzing the decision-making proceedings of the Union, preventing the proper administration of the merged Joint plan. A public session uniting all the involved parties to discuss the issues was held April 20th, 2005. After having heard from the representatives of the Outaouais-Laurentians and Montreal unions, the persons commissioned with the management of the merged Joint plan, the representatives of the Federation of wood producers of Quebec, and the Union of agricultural producers of Quebec, the Régie established the following:

- the union's administrative council commissioned with the administration of the Joint Plan of Southwestern Quebec Forest Producers is not fulfilling its obligations relating to the administration and application of the Joint plan;
- the administration and application of the plan, lacking direction and decision-making from its administrator, is being administered, as was done previously, by the employees and in the previous territories of the pre-merged Joint plans;
- producers and groups of producers are, without mandate or power, taking decisions in the place of the administrator of the Joint plan, which is compromising the efficiency of its application, the credibility of the office and furthermore, can cause prejudice to the producers or other participants concerned by the Joint plan;
- the union's administrative council commissioned with the administration of the Joint plan are divided as to which direction to take. Regardless of their understanding of the necessity of the merger, the administrators of the Outaouais-Laurentians region are requiring, among other things, a regional application of the Joint plan according to the previous territories of the pre-merger Joint plan as well as a modification of their council representation. Whereas, the representative of the Montérégie Lanaudière region hope that every effort be made to achieve a unified operational administration decided by the producers and approved by the Régie.

Consequently, the Régie concluded that the present situation is not promoting effective marketing of the Joint plan's targeted product. No longer being able to prolong the ongoing paralysis, the administration named on May 2nd 2005, by virtue of its mandate, a sole designated administrator capable of taking decisions, giving operating instructions and signing or authorizing documents, checks and banking matters for the administration and management of the Joint plan of southwestern Quebec forest producers. The decision was contested last October 31 before the Quebec Superior Court by the SPBOL. Judge Bédard rejected SPBOL with legal costs: "He did not demonstrate that the Régie's decision was erroneous, and much less that it was unreasonable". Mr. Yves Lapierre and Mr. Claude Lambert were named retrospectively to occupy the function of designated adminis-

trator, which since October 14th 2005 has been assumed by the author of this article, Mr. Jean Gobeil. I am a forest engineer with more than 25 years experience in the Quebec forestry industry, including several years in the private woodlot environment. Since 2001, I have been offering courses in private woodlot management in Quebec to students in the Faculty of Forestry at the Université Laval à Québec. I also occupy the interim function of president, general director of the Ordre des ingénieurs forestiers du Québec, and this until the nomination of a successor in March 2006.

Following my nomination, the differences between the Union of forest producers of Outaouais-Laurentians (SPBOL) and those of the southwest (SPFSOQ) took a turn for the worst. SPBOL attempted to render SPFSOQ bankrupt and nominated Ginsberg, Gingras & associés as interim receiver, giving them a guardianship mandate until the request for bankruptcy could be heard by a judge from the Quebec Superior Court. The court heard the case on December 12th 2005 and it was rejected by judge Landry after presentation of proof by both parties. The reasons for wanting to protect money, accrued by means of selling wood to the mills in the territory, by freezing the Caisse populaire account in order to guarantee that the producers would be paid was praiseworthy, but not justified. At no time were these sums in danger since the financial situation of the SPFSOQ was never close to being at risk of bankruptcy. These excessive measures would only have reduced the budget flexibility required for the administration and management of the Joint plan. It would equally have left permanent marks and made it difficult to reconcile the differences between the union administrators.

This is why, in virtue of the law and in the powers that the Régie has invested in me, I undertook the steps at the beginning of my mandate to protect the Joint plan from potential trouble generated by the opposed. In practical terms, this translates into hiring management personnel, signing agreements with the buyers of the targeted products, negotiating contracts with service suppliers such that all documents concerning the administration and the management of the Joint plan, as well as the opening of a bank account, are identified under the name of the merged Joint plan.

For this last aspect, I mandated the attorney committed to the juridical affairs of the Joint plan, Mr. Claude Régnier, to open a trust account. The measure guarantees, to both the producers and the buyers of wood that the sums resulting from transactions related to wood products are protected from all interventions preventing payment to the producers. Mr. Régnier alone is authorized to sign checks after the designated administrator verifies and authorises the transactions. Your monies are therefore protected and the payments due are processed within normal delays.

We are presently entering a rationalisation period followed by a consolidation period. The objective of the rationalisation phase is to standardise the methods of operation that previously prevailed in the former management units of Outaouais-Laurentians and Montreal. Management tools as well as the Joint plan's administrative activities are included in the standardisation. This is why at the year-end of 2005, we concentrated all administrative activities (issuing contingencies, producer payroll, etc.) to the head office in Longueuil. This entailed the permanent closure of the office in Masson. This decision was equally motivated by the pressing need to maintain a balanced budget, which was strongly strained by the cost of past juridical events. I take this opportunity to thank you in advance for your understanding of the delays and inconveniences that this situation might have caused and for the time it will take to put things back in order. Rest assured however, that the services will not only be maintained, but will also be improved during the first few months of 2006. Furthermore, as a response to wood producers' expressed needs, an increase in technical field personnel is available for consultation services and marketing support. Do not hesitate to contact a technician in your area; they are available for your needs.

As for the consolidation phase, the objective is to provide the best tools and the most appropriate regulations to achieve access to the best sale conditions of the markets. What the Joint plan seeks is a greater effectiveness so that the payments to producers and equally to carriers are as high as the buyers' capacity to pay. This consolidation can only be achieved with the forest producers of southwestern Quebec's will to opt for the proposed changes. We constantly have at heart that the Joint plan is a democratic process of marketing wood from private woodlots. It is solely up to the producers to accept or refuse the offered proposals. We will not only protect this notion, but will see to it that no one interferes in the process. The Joint plan belongs to the producers, and it is up to them to do with it as they see fit.

Jean Gobeil, P.Eng./forestry, M.Sc.
Designated Administrator

Market conditions

Since the publication of our first issue of *Forêt d'Avenir* in January 2005, not only have we witnessed some disruption in the application of the new Union of forest proprietors of southwestern Quebec, but also the entire portrait of the forest industry in Québec appears to be quite catastrophic and alarming.

Not a day goes by where the media and other sources of information are revealing a troubling situation in the world of industrial forestry. The following exercise will help you understand the present conditions and will paint a sombre assessment of the forest industry in Québec.

Adding to these dire conditions: the private woodlot forestry situation is not rosier; private woodlot owners are not producing as much, qualified labourers are aging, the next generation is moving to large urban centres, municipal regulations are controlling tree felling and are restricting and impeding forestry operations in private woodlots. Furthermore, related operational costs are constantly increasing, the price of fuel has reached alarming prices, the prices at the mills are stagnating, and living off one's forest is becoming more and more precarious.

What does the future have in store? Will our forests become parks, reserves, holiday destinations?

| MOIS | Newspaper | | Bleached hardwood kraft pulp | |
|-----------|-----------|------|------------------------------|---------|
| | \$US ton | | \$US ton | |
| | 2004 | 2005 | 2004 | 2005 |
| JANUARY | 530 | 580 | 510-520 | 570-580 |
| FEBRUARY | 530 | 580 | 510-520 | 570-580 |
| MARCH | 530 | 580 | 520-530 | 600-610 |
| APRIL | 545 | 605 | 550-570 | 620-630 |
| MAY | 545 | 605 | 550-570 | 620-630 |
| JUNE | 550 | 605 | 570-590 | 610-630 |
| JULY | 550 | 610 | 570-590 | 600-620 |
| AUGUST | 550 | 625 | 560-570 | 600-620 |
| SEPTEMBER | 555 | 625 | 560-570 | 600-610 |
| OCTOBER | 560 | 630 | 540-550 | 610-620 |
| NOVEMBER | 560 | 635 | 520-540 | 610-630 |
| DECEMBER | 560 | 645 | 540-550 | 600-630 |

Sources : Indices Papetière Foex / Indices Pulp / Paper Week

Has the green movement attained and terminated the life of the private woodlot owner? We are nevertheless far from our roots where, for generations, the forest nourished and furnished Quebec families.

Pulp and Paper

Pulp and paper, two industries often meshed into one, but totally different in their production and product.

The way in which the pulp industry relates to mills is that the production is principally focuses on Kraft pulp made of hardwoods or certain softwoods. The principal regional market participants are represented by Fraser Papers in Thurso, Smurfit Stone in Portage du Fort, and Domtar in Windsor. Table 2 illustrates the evolution of bleached hardwood Kraft pulp prices.

Fraser Paper (Thurso)

Fraser Paper has been placed in a situation of imminent closure because of the present economic situation, our strong dollar (see the evolution in Table 1), and the global competition of more modern and performing mills, of which the operation costs are less. The same conditions are affecting another company mill in the

United States. The question is which will close first?

Where purchasing is concerned, the volumes have decreased mostly for poplar and maples species. In autumn of 2005, the company demanded that in order to deliver poplar, more maple had to be provided. Also, the closure of the Domtar Cornwall mill led to a volume surplus in Fraser Paper's inventory, after which, the company regularly purchased wood chips from Ontario and northern United States, this at the detriment of wood purchased from the Outaouais or Laurentian regions. Our agreement with Fraser Paper terminates in 2009 and the prices for 2006 essentially depend on a combination of market indices (consumer price index, the value of our dollar, and the price of bleached hardwood Kraft pulp).

Smurfit Stone (Portage-du-Fort)

Smurfit Stone is operating in the same conditions as the Fraser Paper mill; it is possibly up for sale. Smurfit Stone equally produces bleached hardwood Kraft pulp. What

decision will the leaders at Smurfit Stone take? And when?

The purchases for 2005 will be less than the volumes we had expected, which end in 2006. As for the 2006 prices, an average markup of 2.5% should be applied to the 2005 prices.

Domtar Windsor

The Domtar Windsor mill in the Eastern Townships produces a principally hardwood-based pulp, and produces a finished consumer product, giving it an edge over the

precarious; the dollar continues to rise, and combined with the conclusion of the Coulombe report and the government's position to reduce by 20% the allocation of wood in public forests, the industry is struggling to survive and stay profitable.

Masson Paper (Gatineau)

| MONTH | Consumer Price Index | | Fluctuation | |
|-----------|----------------------|-------|-------------|---------|
| | IPC Canada | | \$/CAN/\$US | |
| | 2004 | 2005 | 2004 | 2005 |
| JANUARY | 122,9 | 125,3 | 1,29970 | 1,22500 |
| FEBRUARY | 123,2 | 125,8 | 1,32970 | 1,24200 |
| MARCH | 123,6 | 126,5 | 1,33540 | 1,21350 |
| APRIL | 123,9 | 126,9 | 1,34180 | 1,23290 |
| MAY | 123,0 | 127,0 | 1,37750 | 1,25830 |
| JUNE | 125,1 | 127,2 | 1,36150 | 1,24430 |
| JULY | 125,0 | 127,5 | 1,32800 | 1,22320 |
| AUGUST | 124,8 | 128,0 | 1,31240 | 1,20660 |
| SEPTEMBER | 124,9 | 129,1 | 1,28790 | 1,17890 |
| OCTOBER | 125,2 | 128,5 | 1,24710 | 1,17450 |
| NOVEMBER | 125,7 | 128,2 | 1,19460 | 1,18110 |
| DECEMBER | 125,4 | 128,1 | 1,21460 | 1,16590 |

Sources : Statistique Canada / Pribec

The September 2005 Pulp and Paper Week announced that the Masson Paper mill was for sale. On December 15th the daily, *Le Droit*, announced that Masson Paper was under American proprietorship.

The White Birch company, whose main office is located in Greenwich, Connecticut, became owner of the mill and in doing so became the third largest producer of newspaper in North America.

Since 2000, this industry has been purchasing wood chips uniquely from sawmills in Québec and Ontario.

Bowater (Gatineau)

This American enterprise seems to be in a better position than its competition (Kruger, Abitibi Consolidated, and Masson Paper), but nonetheless maintains a certain vulnerability since it has announced it would like to reorganize and reduce its operation costs.

Fraser Paper and Smurfit Stone mills. Domtar announced last November the definitive closure of its mill in Cornwall Ontario, the Forest product sawmill of Grand-Remous, north of Maniwaki, as well as other mills outside our region.

As for purchasing, we have renewed our agreement by considerably decreasing the volumes to a production level similar to that of a few years ago. Furthermore, we have obtained price increases for volumes beyond the annual 4 000 gt of poplar and 2 000 gt of hardwood.

Paper

Newspaper is strictly made with softwood (pine and spruce). Certain mills use a certain amount of poplar to give whiteness to the paper and to reduce the costs associated with purchasing and chemical products.

Just as in hardwood pulp, the mill situation is

| MOIS | Price per litre without tax | | | Minimum price estimated | | |
|----------------|-----------------------------|--------------|--------------|-------------------------|-------------|-------------|
| | Ontario and Québec | | | cents/litre | | |
| | 2003 | 2004 | 2005 | 2003 | 2004 | 2005 |
| JANUARY | 60,42 | 57,62 | 69,8 | 41,22 | 40,02 | 48,72 |
| FEBRUARY | 65,52 | 62,6 | 70,82 | 48,05 | 43,07 | 50,92 |
| MARCH | 71,1 | 60,58 | 74,45 | 47,86 | 37,32 | 55,72 |
| APRIL | 58,22 | 57,74 | 75,78 | 35,52 | 36,6 | 55,42 |
| MAY | 55,12 | 61,52 | 73,87 | 31,97 | 41,38 | 53,06 |
| JUNE | 51,64 | 61,35 | 78,26 | 31,02 | 40,32 | 58,22 |
| JULY | 51,92 | 62,38 | 79,86 | 31,8 | 41,9 | 59 |
| AUGUST | 53,2 | 65,35 | 81,17 | 45,04 | 45,04 | 61,04 |
| SEPTEMBER | 52,24 | 67,78 | 89,03 | 47,45 | 47,45 | 66,17 |
| OCTOBER | 52,07 | 74,9 | 90,57 | 32,37 | 55,02 | 68,92 |
| NOVEMBER | 52,87 | 71,67 | 83,47 | 32,85 | 50,62 | |
| DECEMBER | 54,44 | 68,25 | | 34,32 | 47,62 | |
| Average | 56,56 | 64,31 | 72,26 | 35,9 | 43,8 | 57,7 |

** Source : Canadian Domestic Fuel Surcharge

** Source : Régie de l'énergie

Like Masson Paper, the Bowater mill purchases wood chips from regional softwood sawmills (Bowater, Maniwaki), and others within the province.

Armand Plourde,
Chief Executive Officer

Eastern Spruce Budworm

...infestation is back, check your woodlots!



The spruce budworm is making a comeback according to the ministère des Ressources naturelles et de la Faune's aerial inventory data (see table). The 2005 year is showing alarming progression; 15 500 more hectares are affected compared to 2001.

We recommend that all woodlot owners, located north of the city of Gatineau and from the Gatineau Valley up to the municipality of Kazabazua, examine carefully the state of their woodlots in order to detect any traces of the spruce budworm.

Considering that the ministère des Ressources naturelles et de la Faune will not be spraying air-borne organic pesticides, and that 95% of the affected territory is localized in private woodlots, it is strictly up to the owners of those woodlots to monitor the infestation.

Prior to conducting any work on your lot (logging, thinning, or silvicultural treatments), consult the resources available which would permit you to better understand the infestation situation potentially affecting your woodlot.

Note that for some affected stands, the wood must be recuperated within a very precise and short time span. Otherwise, there is a risk of losing the resource. Prior to logging your property, it is equally important to contact the Syndicat des propriétaires forestiers for information concerning the market for damaged wood.

| Affected area in hectares (Outaouais) | | | | |
|---------------------------------------|-------|----------|---------|--------|
| Year | Light | Moderate | Serious | Total |
| 2005 | 3 688 | 12 492 | 29 477 | 45 657 |
| 2004 | 2 431 | 3 585 | 24 179 | 30 195 |
| 2003 | 212 | 448 | 314 | 974 |
| 2002 | 1 404 | 707 | 1 288 | 3 399 |
| 2001 | 586 | 2 359 | 14 938 | 17 383 |
| 2000 | 2 641 | 1 717 | 5 812 | 10 170 |
| 1999 | 2 334 | 3 682 | 16 185 | 22 201 |
| 1998 | 1 128 | 2 238 | 7 116 | 10 482 |
| 1997 | 771 | 779 | 3 522 | 5 072 |
| 1996 | 638 | 784 | 3 778 | 5 200 |
| 1995 | 309 | 653 | 3 657 | 4 619 |
| 1994 | 137 | 790 | 828 | 1 755 |

Source : Ministère des Ressources naturelles et de la Faune

Direction de la conservation des forêts, July 21st 2005

Contact information for marketing :

M. Pierre Farley
Joint plan of southwestern Quebec forest producers
Number : 819 775-8273
or 450 679-0530

For evolution of infestation :

MRNFP regional : 819 772-3487
Buckingham : 819 986-1280
Pontiac : 819 683-2626
Maniwaki : 819 449-3333

Richard Montpetit

Federation - Info



La Fédération
des Producteurs
de Bois du Québec

The Federation is happy to speak once again to the woodlot owners of southwestern Quebec. Our actions, during the last year, have mainly been focused on the financing of the private woodlot valorisation program (Programme de mise en valeur de la forêt privée). Our work was

to prepare for the meeting of the associated partners of the new plan for private woodlot valorization dating from 1995. This meeting was called by the *Minister of Ressources naturelles et de la Faune* for the spring of 2006. This meeting will help in the agreement of future directions, not only as to the financing of the valorization program, but also to concerns pertaining to the intervention of municipalities to protect forest cover, to the functioning of agencies, to the status of forest producers and to the taxation of revenues. Pertaining to the latter file, the Federation, with the support of the UPA and the Canadian Federation of Woodlot Owners, multiplied its interventions in the last months with the federal government. The object of these interventions is to encourage measures that would permit revenues, generated from the sale of forest products, and the deductions, related to silviculture work, to be spread out on a fiscal year.

Another area of activity for the Federation has been its implication in the creation of the Union for southwestern woodlot owners, and the setting up of the new joint plan. The Federation maintained its support throughout the year to ensure its proper functioning. The support is based on the certainty that the interests of your territory's producers will be upheld by the new joint plan. The Federation is also of the opinion that it is in the producers interest that the union take control of the administration of the new joint plan as soon as possible to ensure its proper functioning. It is up to the producers to agree on what actions must be taken to ensure efficient marketing of their wood and to face the challenges resulting from the restructuring of the forest industry. The affiliation of the Union of the Southwest and the Federation is equally needed for several reasons. For one, it is in the interest of your vast territory's thousands of woodlot owners that your union be in accord with the directions agreed upon in the different dossiers headed by the Federation. Moreover, The Federation can only be entirely efficient once it has the full support of the unions behind it.

The Federation

Thematic Meeting



Thematic Meeting "Understanding the Potential of the Forest" presented in Cowansville, March 9th 2006 from 1:00 pm to 4:30 pm.

The meeting includes a guide on forest-fauna tree marking adapted for private forests, the production of edible nuts while waiting for harvestable lumber, and a guide for processing logs for marketing. The participants will receive a CD-ROM containing all the documents produced by the PMVRMF – tier II. Participation costs are \$10.00 per person. For more information or to register, contact by email: marheume@afm.qc.ca or by phone at 1-800-266-5402.

Videoconference "Quality of plantation softwoods: knowledge and perspectives" presented in Saint-Hyacinthe on March 16th 2006 from 10:00 am to 12:00 pm. This activity is free.

For more information or to register, contact by email: marheume@afm.qc.ca or by phone at 1-800-266-5402.

Marc-André Rhéaume, P.Eng./forestry
Montérégie Forestry Agency



The RCM would like to sell, by means of public tenders, sixteen (16) intramunicipal public lots. These lots have on average an area of 21.20 hectares and most are forested. A few are waterfront and are divisible into lots.

Submission procedures and forms are available and free online at www.mrcvg.qc.ca/textes/vente-lots.shtml. You may also obtain them at a cost of 50\$ plus taxes (non-refundable) by presenting yourself at the RCM service centre at 7, Polyvalente St. in Gracefield between 8:00 am and noon, and between 1:00 pm and 4:00 pm, weekdays starting Monday, March 6th 2006.

Submissions will be accepted in a sealed envelope at the aforementioned address and during the aforementioned days and times until Thursday, June 1st at noon (12:00 pm). A receipt can be provided on demand; postal deliveries are not recommended.

For those interested, visits to the lots are organized. The days and times of these visits are found in the submission documents and require telephone registrations by calling (450) 463-3241 extension 242. The registration deadline is Friday, April 28th 2006 at 4:00 pm.

Richard Daigle, ing.f.

How much is left in your pocket...

In your operation cost calculations, how much will be left once your expenses are paid (transportation, logging and related expenses, and permits). One element that certainly warrants scrutiny is the cost of transportation related to delivering your product to the various purchasing mills.

To evaluate the related transport costs, certain rules must be considered by the wood producer and his carrier.

For the producers in the Outaouais and Laurentians regions, we suggest approximate base prices to guide your negotiations with your carrier.

| DISTANCE RADIUS AND APPROXIMATE TRANSPORTATION COSTS 2005 (Outaouais-Laurentians Section) | | |
|--|-----------------------|--------------|
| Company | Average distance (km) | Cost (\$)/mt |
| Fraser Papers (Thurso) | 80 | 14 |
| Smurfit Stone (Portage-du-Fort) | 110 | 15 |
| Louisiana-Pacific (Bois-Franc) | 110 | 15 |
| Louisiana-Pacific (Saint-Michel-des-Saints) | + 210 | 21 |

| PRODUCER'S RESPONSIBILITY | CARRIER'S RESPONSIBILITY |
|---|---|
| 1) Prepare the wood according to each buyer's specific quality norms | 1) Collect the producer's wood |
| 2) Pile the wood correctly on the side of a trucking road | 2) Collect the producer's remaining wood |
| 3) Promptly haul the wood to ensure freshness | 3) Evaluate the wood as precisely as possible with the producer |
| 4) For a full load, verify with the carrier the exact quality of the wood by species. | 4) Ensure that the wood is processed according to the buyers' norms |
| 5) Immediately contact the carrier when the wood is ready | 5) Respect the call priority for the clients' wood delivery |

| TRANSPORTATION COSTS INCLUDING UNLOADING | |
|--|---------------|
| Distance (km) | Price \$ (mt) |
| 0 to 50 | 12 |
| 51 to 70 | 13 |
| 71 to 90 | 14 |
| 91 to 110 | 15 |
| 111 to 130 | 16 |
| 131 to 150 | 17 |
| 151 to 170 | 18 |
| 171 to 190 | 19 |
| 191 to 210 | 20 |
| 211 + | 21 |



Considering that wood is delivered to several buyers located across a vast territory, we suggest you discuss with your carrier the possibility of "double transport". This entails your carrier bringing a load to a mill, picking up a load from another producer near that mill, and returning the load to a mill near your production site. This way, the carrier accomplishes two loaded trips for almost the same expenses as a traditional trip, allowing him to offer a reduced price for the cost of your load.

The Joint plan of Southwestern Quebec prescribes that wood be transported as economically as possible. To achieve this end, representatives will meet with carriers in the coming months to agree on sustainable and acceptable conditions for everyone. Transportation is negotiable. In all situations, the goal remains the same: that every participant receives maximum benefit.

Richard Montpetit

Payment of fuel adjustments

Following the Québec Superior Court's ruling that gave the Joint plan authority over the payments from wood-buying companies, the plan's designated administrator has asked the SPBOL administrators to unfreeze the sums held in the accounts at the Masson Caisse populaire in order to pay back the producers what is due.

Regardless of the Superior Court's firm decision, the monies remain frozen rendering us unable to make the payments for fuel adjustments for the January to March 2005 periods for the Fraser Paper and LP St-Michel companies, as well as for the price adjustments for Bowater for the same period.

As soon as possible, the Joint plan will make payments for the amounts due. Be assured that we will make every effort to settle this conflict as quickly as possible.

Permits and delivery payment

You might have noticed that since last January, delivery permits are being issued from the Longueuil office. As mentioned in the designated administrators' editorial, all administrative work is now taking place at this office.

Therefore, if you would like to obtain a delivery permit for wood destined for pulp or board, leave a message with your contact information at this toll free number: 1 888 286-1850 and the payroll department will issue the authorizations in accordance with wood reception schedules set by the diverse mills.

For the payments, you can contact Ms. Jocelyne Gunville or Séverine Heymans at the same service by dialling the toll free number or 450 679-0530. They will gladly answer any questions you might have.

Negotiations...

Pulp and paper

Since last December, your Joint plan has begun negotiations with the buyers of softwood pulp. Negotiation sessions were held with AVI and Kruger and the offered volumes were markedly inferior than in the past years since wood production is now strongly oriented towards saw wood. As soon as the negotiations will be concluded, price adjustments and payments will take place.

ATBBRM

We have started discussions with representatives of the Association of raw wood transporters of the Montreal region (ATBBRM) with the aim of renewing the transport agreement. Other than a rate adjustment, the transporters would like a revision of the compensation payment schedule, a discussion on the establishment of a tariff chart based on tonnage per kilometre, as well as other demands. In response, the Joint plan is prepared to renegotiate certain tariffs and will detail a certain number of requirements concerning transport payments and delivery schedules. A case worth following...



INFORMATION SESSIONS

Notice to all wood producers targeted by the Joint plan of southwestern Quebec forest producers

You are invited to assist an information session being held, depending on the sector, at the posted times and places. Note, these sessions will begin at 7:30 pm and will end at 11:00pm.

We invite you to attend in large numbers!

February 20 th, 2006
Hôtel des Seigneurs Saint-Hyacinthe
1200, Johnson St.
Saint-Hyacinthe (Québec) J2S 7K7
Number : (450) 774-3810

March 7 th, 2006
Hôtel la Lorraine
450, Bethany ave.
Lachute (Québec) J8H 4H4
Number : (450) 562-5256

March 13 th, 2006
Château Joliette
450, Saint-Thomas St.
Joliette (Québec) J6E 3R1
Number : (450) 752-2525

March 14 th, 2006
Councill Hall
57, chemin de Montréal East
(Masson-Angers Section)
Gatineau (Québec) J8X 3Y9
Number : (819) 986-1250

ORDERS OF THE DAY

- 1) Presentation and words of welcome
- 2) Evolution of joint plan
 - Juridical aspects
 - Regulations
 - Operations
- 3) Financial Situation
- 4) Marketing
 - State of markets
 - Delivery
 - Respect of agreements
 - Transportation
 - Payment
- 5) Economic development
- 6) Orientation presented by designated administrator
- 7) Miscellaneous
- 8) Adjournment of the sessions

Welcome to all of you!

