



HUMAN RESOURCE CONSULTING AND ADMINISTRATIVE SOLUTIONS

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Date: August 10, 2010

To: Members of the
Mitchell Island Forest Products Ltd. Pension Plan

Re: Wind-up of the Mitchell Island Forest Products Ltd. Pension Plan (the “Pension Plan”)

Dear Member:

As you were previously informed, Morneau Sobeco was appointed the Administrator of the Pension Plan by the Superintendent of Pensions, Financial Institutions Commission of British Columbia (the “Superintendent”) effective July 21, 2009.

Data Validation

We recently sent you your Member Information Profile that included your personal data relating to your membership in the Pension Plan, and we asked you to sign, date and return the Profile to us with any correction to the information you have made. We also asked you to provide us with a copy of your proof of age and that of your spouse (if applicable). Most of you have validated the Profile as requested. We thank all those who did.

Based on the validated statements, we have updated our membership records accordingly. We are now proceeding to the next stages of the wind-up process.

Actuarial Valuation

The Pension Plan’s wind-up date is May 29, 2009 (the “Wind-up Date”). This means that your benefit entitlement will be determined as of that date.

We will be performing an actuarial valuation of the Pension Plan as of August 31, 2010 (the “Valuation Date”) to estimate the extent to which the Pension Plan is funded. This is called the funded ratio, calculated by dividing the value of the assets of the Pension Plan by the Pension Plan’s wind-up liabilities.

As mentioned in our initial communiqué, if it is determined that the assets of the Pension Plan are insufficient to fully cover the wind-up liabilities, benefits payable to members will be reduced on a reasonable and equitable basis. Based on direction from the Superintendent, we will be using a pro-rata method of distribution to determine your final benefit entitlement.

Members of the
Mitchell Island Forest Products Ltd. Pension Plan
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Recent estimates indicate that the funded ratio is roughly 60%. This means that the assets of the Pension Plan could only support 60% of your benefits. A more accurate funded ratio calculation would be performed as of the Valuation Date. Technically, because of the funding shortfall, those who are currently in receipt of a pension have been receiving a greater pension amount than what they are entitled to since the Wind-up Date. Consequently, their pension benefits will have to be reduced to the funded ratio level retroactive to the Wind-up Date. So, to reduce the impact of the necessity to recover the excess pension payments from the existing pensioners, effective August 1, 2010, their pension benefits were reduced to the 60% level.

Wind-up Report

We expect to submit the wind-up report to the Superintendent by September 30, 2010, reflecting the results of the actuarial valuation described above. The Superintendent will need to approve the wind-up report before we can proceed to the next step.

Once we have received the Superintendent's approval of the wind-up report, we will prepare and distribute a statement of your benefit entitlement as a result of the Pension Plan wind-up along with a pension option form for you to complete. You will have 90 days to return your pension option form.

Process Benefit Payments

Once we have received your completed pension option forms and address any questions you may have, we will obtain annuity quotations from various insurance companies for the purchase of annuities for those entitled to annuity payments and process lump sum settlements for others.

Depending on how quickly members return their completed pension option forms, we anticipate that the purchase of annuity and the processing of lump sum settlements may be completed by the first quarter of 2011.

Contact Information

Should you have any additional questions concerning the wind-up of your Pension Plan, please contact Alice Yang at 778-327-5048 or ayang@morneausobeco.com. For members outside the Vancouver Lower Mainland area, our toll free phone number is 800-663-0790.

MORNEAU SOBECO

**In its capacity as Administrator of the
Mitchell Island Forest Products Ltd. Pension Plan
and not in its personal capacity.**