



HUMAN RESOURCE CONSULTING AND ADMINISTRATIVE SOLUTIONS
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www.morneausobeco.com

2925 Virtual Way
Suite 310
Vancouver BC V5M 4X5
tel.: 604.642.5200 • fax: 604.632.9930

November 19, 2008

Members of the Pope & Talbot Ltd. Pension Plan for Permanent Salaried Employees

Dear Member:

**Re: Wind-up of the Pope & Talbot Ltd. Pension Plan for Permanent Salaried Employees
(the "Pension Plan")**

Effective July 24, 2008 Morneau Sobeco was appointed as the Administrator of the above referenced Pension Plan by the Superintendent of Pensions, Financial Institutions Commission of British Columbia ("the Superintendent"). The Superintendent made this appointment in accordance with the provisions of section 56 of the Pension Benefits Standards Act, R.S.B.C. 1996, c.352 ("the Act").

Role of Administrator

The appointment of an Administrator places the responsibility for operation of all aspects of the Pension Plan in the hands of an independent party. The Administrator is responsible for the wind-up of the Pension Plan and will ensure that each member receives his/her pension benefits earned in accordance with the provisions of the plan documents, the Act and the regulations. Any payment of benefits from the Pension Plan is subject to the approval of the Superintendent.

The Wind-up Process

We are in the early stages of our administration, which includes gathering documentation and records, becoming familiar with all aspects of the Pension Plan, informing members and other stakeholders of the Administrator's appointment, and assuming responsibilities for the administration of the pension fund.

The wind-up of the Pension Plan and the distribution of benefits to members can be a lengthy process. In our capacity as the Administrator of the Pension Plan, we will be asking you to verify the data pertaining to you which we have collected and reviewed from the Pope & Talbot employee records. We will be preparing and sending you a statement of your pension entitlement after we have completed our wind-up report and submitted it to the Superintendent for his approval.

For the purpose of administering the wind-up of the Pension Plan and processing your pension benefit entitlement, we will be collecting some personal information about you. We request that you please keep us informed of any changes in your mailing address, marital status or other personal information that may be relevant to your pension benefit entitlement.

Due to extenuating circumstances, as pointed out below, we have been delayed in obtaining employee records, thereby affecting our efforts to progress with the wind-up of the Pension Plan. It is difficult for us to estimate when a wind-up report can be completed as it involves numerous factors such as reconciliation of the membership data, review of plan documents, verification of members' benefit entitlements, etc. We hope to be able to complete the wind-up report by September 2009.

Member Records

Employee records had been maintained by Pope & Talbot at its head office in Portland. Following its bankruptcy, the company's combined US and Canada employee records were packed up in boxes and kept in a storage facility in Portland. We requested the Bankruptcy Trustee, PricewaterhouseCoopers (PwC), to retrieve the employee records from storage and arrange to provide us with a copy of the Canadian employee records. We are hoping to receive the requested records shortly. Once we have the employee records in our hands, we can proceed to validate the membership data.

Pension Fund

The assets of the Pension Plan are held in a trust under the custody of RBC Dexia, which are separate from the assets of Pope & Talbot Ltd. and are protected from any of the Pope & Talbot creditors' claims.

We are pleased to inform you that in early August we instructed RBC Dexia to sell all assets that were invested in equities and invest the proceeds in the McLean Budden Pooled Fixed Income Fund. Consequently, since early August, the assets of the Pension Plan have had no equity exposure and have been invested almost exclusively in two McLean Budden fixed income funds. The good news is that the current stock market volatility has had no impact on your pension fund.

Actuarial Valuation

The prior actuarial valuation of the Pension Plan, performed as at December 31, 2006 indicated that the Pension Plan was 86% funded on a wind-up basis. However, it is quite likely that the wind-up funded ratio may have changed since that date.

It is our responsibility as the Administrator to prepare the termination report of the Pension Plan based on the Pension plan wind-up date, such date to be recommended by us and approved by the Superintendent. Based upon the collection of information, our actuaries will estimate the current funded level of the Pension Plan. If it is determined that the assets of the Pension Plan are insufficient to fully cover the wind-up liabilities, benefits payable to the members upon the Pension Plan wind-up will be reduced on a reasonable and equitable basis determined by the Administrator and approved by the Superintendent.

Payment to Retirees

Payments to retirees and beneficiaries who are currently receiving a monthly pension will continue to be made by the custodian holding the fund assets. Payments made to a retiree subsequent to the Pension Plan wind-up date that are in excess of the actual entitlement of the retiree will be recovered by the pension fund from subsequent future payments to the retiree. Any reduction to benefits would be based on the Pension Plan's wind-up provisions and the Act and must be approved by the Superintendent. We will not make any changes to retiree or beneficiary payments without prior notification. No other payments may be made from the pension fund without the prior consent of the Superintendent.

Once approval of the wind-up report is obtained, annuities will be purchased from an insurance company on behalf of the members.

Payment to Other Members

Other than payments to existing retirees described above, the process of paying benefits to any member will only occur after a wind-up report has been submitted and approved by the Superintendent.

Contact Information

Should you have any additional questions concerning the wind-up of your Pension Plan, please contact Phillip Haggstrom at 604-642-5217 or Vivien Lee at 604-642-5234. We also provide a toll-free telephone number 1-800-663-0790 for members in Canada but outside the Vancouver Lower Mainland area.

Yours truly,
MORNEAU SOBECO
In its capacity as Administrator of the
Pope & Talbot Ltd. Pension Plan for Permanent Salaried Employees
and not in its personal capacity.

A handwritten signature in black ink, appearing to read 'J. Yang', with a large, sweeping flourish at the end.

per Johnny Yang