



For Immediate Release

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Howe Sound Pulp and Paper Reaches Agreement with CEPU

Howe Sound Pulp and Paper Limited Partnership (HSPP) announced today that it has reached an agreement with Local 1119 of the Communications, Energy and Paperworkers Union (CEPU) that will result in significant cost reductions for the company.

“I am very pleased with the collaboration between our union members and management to drive costs out of our business” said HSPP President Mac Palmiere. “These reductions, combined with other actions we are undertaking, leave us in a very competitive position moving forward. On an annualized basis approximately \$20 million dollars will be removed from Howe Sound’s cost structure this year. All stakeholders have participated in this effort: suppliers, union members and staff. We are able to implement the changes with relatively little cost, but regrettably there will be impacts to our people”.

One of the measures HSPP will take is the elimination of 101 jobs. “Unfortunately it is necessary to reduce the work force to help secure the opportunity to be viable during these difficult times. Pulp and newsprint markets continue to be weak, but we have been able to build on our excellent relationships with key customers. We are in a much stronger position to take advantage of the markets as they rebound”, says Palmiere

HSPP operates a Kraft pulp and newsprint mill at Port Mellon, BC with annual production capacity of 400,000 tonnes of pulp and 230,000 tonnes of newsprint.

HSPP is equally owned by Vancouver based Canfor Corporation and Oji Paper Co. Ltd. of Tokyo.

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