



Financial Institutions Commission

March 18, 2008

Plan Number: P085745-1
CRA Number: 0223222

Ms. Beth Hardman
Vice President, Human Resources
Pope & Talbot Ltd.
P.O. Box 8171
1500 S.W. First Avenue, 2nd Floor
Portland OR 97207

Dear Ms. Hardman:

Re: Pope & Talbot Ltd. Pension Plan for Permanent Salaried Employees (“the Plan”)

I am writing concerning the priority for allocation and distribution of assets set out in section 10 of the current Plan text.

My staff has reviewed all documentation on file and found that when the Plan was registered, the provisions relating to the benefits and assets on plan termination with insufficient assets met the requirements of the *Pension Benefits Standards Act* (“the Act”) and regulation. Specifically, the method of allocating and distributing assets satisfied the provisions of paragraph 39(2)(b) of the regulation.

It appears, however, that changes to the priority for allocation and distribution of assets, were made since the registration of the Plan, without explicit advice from the Plan administrator and without a request for written approval from the Superintendent of Pensions (“the Superintendent”). These changes are not in compliance with the requirements of the Act and cannot be administered as written.

I refer to two amended and restated texts, effective January 1, 2001 and January 1, 2004, submitted to this office in 2002 and 2006 respectively. Both of these plan texts changed the provisions relating to the priority of benefits on winding up using methods that did not comply with the requirements of the Act and regulation.

Paragraph 39(2)(c) of the regulation requires that a method other than the two prescribed methods must be approved, in writing, by the Superintendent. No request for approval was made.

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Superintendent of Pensions

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Since there is no written approval granted by the Superintendent, the current provisions of the Plan relating to the allocation and distribution of assets on plan termination with insufficient assets are not valid and cannot be relied upon.

Therefore section 17.05 of the plan text amended and restated at January 1, 1993 is still in force. This means that, in the event of the termination of the Plan with insufficient assets to pay all of its obligations, the provisions of this section must be used in allocating and distributing the assets of the Plan.

Please contact Michael Peters, Executive Director of the Pensions Department, at (604) 953-5380 if you have any questions concerning this matter.

Yours truly,



W. Alan Clark
Superintendent of Pensions

pc: Gary Nachsen
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Enzo DeLuca
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