

Allocations to B.C. companies (the sum of company allocations for B.C.- based companies holding allocations for lumber first manufactured in British Columbia) of EB and LFB for Years Three and Four as of May 1, 1999, are as follows (million board feet):

	Year 3 (April 1, 1998-March 31, 1999)	Year 4¹ (April 1, 1999-March 31, 2000)
EB	8,139	8,136
LFB	360.5	362.3

I propose the following amendments for Years Four and Five under the Agreement:

1. In Year Four (April 1, 1999-March 31, 2000):

- (i) Ninety million board feet of the 362.3 million board feet LFB allocation to B.C. companies in Year Four will be re-priced at the UFB fee level (U.S.\$105.86/thousand board feet); Canada shall collect a fee equivalent to the UFB fee level on the issuance of a permit for export to the United States of quantities of this softwood lumber ("re-priced LFB");
- (ii) Canada shall collect a fee on the issuance of a permit for export to the United States of quantities of UFB by B.C. companies (which includes any quantity re-priced pursuant to paragraph 1(i)) in excess of 110 million board feet (based on the average of Year One and Year Two UFB shipments) at the fee level of U.S.\$146.25/thousand board feet (U.S.\$105.86/thousand board feet + U.S.\$40.39/thousand board feet).

2. In Year Five (April 1, 2000- March 31, 2001):

- (i) The greater of ninety million board feet or any amount in excess of 272 million board feet of Year Five LFB allocations to B.C. companies will be re-priced at the UFB fee level; Canada shall collect a fee equivalent to the UFB fee level on the issuance of a permit for export to the United States of quantities of this softwood lumber ("re-priced LFB");
- (ii) Canada shall collect a fee on the issuance of a permit for export to the United States of quantities of UFB by B.C. companies (which includes any quantity re-priced pursuant to paragraph 2(i)) in excess of 110 million board feet (based on

¹ Allocations are subject to adjustment, including for allocations from the reserve for hardship and for correction of errors and omissions. In addition to EB, companies may also receive allocations of fee-free export levels from additional export levels received due to the operation of the Trigger Price Bonus, as set out in Article III of the Agreement.