



West Fraser

Second Quarter 2010 Results

July 23, 2010



Forward-Looking Statements



This presentation contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results. The latter, which are forward-looking statements, are presented to provide reasonable guidance to the reader but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Forward-looking statements are included under the heading “Eurocan” relating to asset disposals and business closure cost, “Outlook” including descriptions of U.S. housing starts, expected lumber demand and prices, descriptions of Canadian housing starts, possible increase in imports of U.S. plywood and plywood prices, descriptions of pulp markets and pulp prices. Actual outcomes and results of these statements will depend on a number of factors including operational reliability, unanticipated Eurocan closure costs, weather and other circumstances beyond the Company’s control.

Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances except as required by applicable securities laws.

Q2 2010 Results



Q2 2010 Highlights

Lumber

Panels

Pulp & Paper

Eurocan

Summary Financial Results

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Outlook

Q2 2010 Highlights



(Canadian \$ millions)

Earnings

From continuing operations

After discontinued operations

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
	<u>62</u>	<u>35</u>	<u>(23)</u>
	<u>63</u>	<u>20</u>	<u>(39)</u>
EBITDA	<u>151</u>	<u>103</u>	<u>8</u>
EBITDA Margin	<u>20%</u>	<u>15%</u>	<u>1%</u>

All segments contributed to earnings in the quarter

Lumber



(Canadian \$ millions)

EBITDA

EBITDA Margin

<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
<u>75</u>	<u>66</u>	<u>1</u>
<u>16%</u>	<u>16%</u>	<u>0%</u>

Lumber price summary

SPF 2X4 benchmark price - US\$264 (Q1 - US\$269)

SYP 2X4 #2 West benchmark price - US\$377 (Q1 - US\$322)

Shipments up 8% over Q1

Operating rate improved

Production up 11% at 1,223 Mmfbm (Q1 –1,101 Mmfbm)

Break-up log inventories in Canadian mills allowed full production through spring break-up

Panels



(Canadian \$ millions)

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
EBITDA	<u>20</u>	<u>11</u>	<u>5</u>
EBITDA Margin	<u>19%</u>	<u>11%</u>	<u>5%</u>

Plywood

Benchmark prices increased to Cdn\$377 (Q1 - Cdn\$332)

Shipments up 6% at 192 Msf (Q1 – 181 Msf)

Production up 8% at 207 Msf (Q1 – 191 Msf)

MDF

Benchmark prices increased to US\$536 (Q1 - US\$473)

Shipments down 4% at 49 Msf (Q1 – 51 Msf)

Production down 2% at 47 Msf (Q1 – 48 Msf)

Pulp & Paper



(Canadian \$ millions)

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
EBITDA	<u>49</u>	<u>39</u>	<u>1</u>
EBITDA Margin	<u>22%</u>	<u>19%</u>	<u>1%</u>

Benchmark NBSK pulp prices up to US\$993 (Q1 - US\$880)

BCTMP showed similar increases

Shipments up 5% at 288,000 tonnes (Q1 - 274,000 tonnes)

Pulp production down 9% at 255,000 tonnes (Q1 - 280,000 tonnes) due to maintenance downtime

Eurocan



(Canadian \$ millions)

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
Earnings from discontinued operations	<u>1</u>	<u>(15)</u>	<u>(17)</u>

Eurocan mill closed January 2010

Product sales from inventory nearly complete

Process for asset disposal expected to continue through 2010

Summary Quarterly Financial Results



Revenue and Earnings (from continuing operations)

(Canadian \$ millions)

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
Sales	<u>772</u>	<u>688</u>	<u>612</u>
Operating earnings (loss)	103	53	(50)
Amortization	<u>48</u>	<u>50</u>	<u>58</u>
EBITDA	<u>151</u>	<u>103</u>	<u>8</u>

Summary Quarterly Financial Results



Cash Flows (from continuing operations)

(Canadian \$ millions)

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
Cash from Operations	130	89	(6)
Working Capital Changes	83	(8)	82
Capital Spending	(6)	(28)	(5)
Dividends	(1)	(1)	(1)
Other	1	(5)	2
Change in cash, excluding debt	<u>207</u>	<u>47</u>	<u>72</u>



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Summary Quarterly Financial Results



Balance Sheet

(Canadian \$ millions)

	Q2/10	End of Q1/10	Q2/09
Working Capital, excluding net debt	283	393	467
Property Plant & Equipment	1,572	1,599	1,906
Other Assets	477	481	524
Other Liabilities	393	394	423
Total Debt, net	235	452	589
Shareholders' Equity	1,704	1,627	1,885
Net Debt to Total Capitalization Ratio	12%	22%	24%



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Summary Debt Position



(Canadian \$ millions)

	<u>Q2/10</u>	<u>Q1/10</u>	<u>Q2/09</u>
Cash, net of cheques issued	94	(15)	1
Operating Debt	9	131	8
Long Term Debt	320	306	582
Total Debt, net	<u>235</u>	<u>452</u>	<u>589</u>

<u>Debt Ratings</u>	<u>Rating</u>	<u>Outlook</u>
Dominion Bond Rating Service	BB(high)	Negative
Moody's	Ba1	Negative
Standard & Poor's	BB	Stable



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Q3 - 2010 Outlook



Lumber

Continued low U.S. housing starts and lumber demand

Prices lower in second half of 2010

Panels

Canadian housing starts should support plywood prices

Possible increase in U.S. plywood imports

Pulp

China demand is subsiding

Prices will be under pressure in third quarter