



West Fraser

Fourth Quarter 2010 Results

February 17, 2011

Forward-Looking Statements, EBITDA and Benchmark Prices

Please see our cautionary statements concerning forward-looking statements, EBITDA and benchmark prices contained in our 2010 Management's Discussion and Analysis which is on our website (www.westfraser.com) and on SEDAR (www.sedar.com). These statements are incorporated into this presentation by reference.

Fourth Quarter 2010

Highlights

Summary Financial Results

Lumber

Panels

Pulp & Paper

Discontinued Operations

Consolidated

Outlook

Q4 2010 Highlights

Financial

Continuing positive earnings and cash flows despite lower pulp and plywood prices

Net cash balance of \$163 million at end of Q4

Capital spending approval for \$230 million mainly in lumber business

Committed revolving facility extended to 2014

Canadian dollar strengthened

Net debt to total capital ratio of 8%

Markets

Lower pulp and plywood prices – lumber benchmark prices improved

Lumber shipments declined

Pulp shipments increased

Operational

Canadian lumber production near capacity

U.S. lumber production at approximately 70% of capacity

Pulp mills achieved an annual production record

Lumber

(Canadian \$ millions)

	<u>Q4/10</u>	<u>Q3/10</u>	<u>Q4/09</u>
Sales	<u>418</u>	<u>423</u>	<u>324</u>
EBITDA	<u>39</u>	<u>49</u>	<u>11</u>
EBITDA Margin - %	<u>9.3</u>	<u>11.5</u>	<u>3.5</u>

Lumber price summary

SPF 2X4 benchmark price up 21% - US\$269 (Q3 - US\$222)

SYP 2X4 #2 West benchmark price up 9% - US\$270 (Q3 - US\$248)

Shipments down 3% - 1,187 MMfbm (Q3 - 1,219 MMfbm)

Production slightly lower - 1,159 MMfbm (Q3 - 1,200 MMfbm)

Canadian mills operating at near capacity

U.S. mills operating at approximately 70% of capacity

Panels

(Canadian \$ millions)

	<u>Q4/10</u>	<u>Q3/10</u>	<u>Q4/09</u>
Sales	94	107	94
EBITDA	6	20	17
EBITDA Margin - %	6.6	18.3	18.1

Plywood

Benchmark prices decreased 8% - Cdn\$301 (Q3 - Cdn\$327)

Shipments down 5% at 208 Mmsf (Q3 - 218 Mmsf)

Production down 6% at 190 Mmsf (Q3 - 203 Mmsf)

MDF

Benchmark prices down 3% at US\$547 (Q3 - US\$563)

Shipments down 9% at 42 Mmsf (Q3 - 46 Mmsf)

Production down 15% at 44 Mmsf (Q3 - 52 Mmsf)

Pulp & Paper

(Canadian \$ millions)

	<u>Q4/10</u>	<u>Q3/10</u>	<u>Q4/09</u>
Sales	<u>230</u>	<u>204</u>	<u>177</u>
EBITDA	<u>44</u>	<u>55</u>	<u>31</u>
EBITDA Margin - %	<u>19.1</u>	<u>26.8</u>	<u>17.2</u>

Benchmark NBSK pulp prices down 3% - US\$967 (Q3 - US\$1,000)

Shipments up 23% at 349,000 tonnes (Q3 - 284,000 tonnes)

Production comparable at 336,000 tonnes (Q3 - 337,000 tonnes)

Record annual pulp production achieved

Discontinued Operations

(Canadian \$ millions)

Q4/10 Q3/10 Q4/09

Earnings from discontinued operations 12 (2) (28)

Eurocan mill closed January 2010

Product sales from inventory nearly complete

Paper machines sold – further asset dispositions expected to continue through 2011

Consolidated Financial Results

Revenue and Earnings

(Canadian \$ millions)

	<u>Q4/10</u>	<u>Q3/10</u>	<u>Q4/09</u>
Sales	<u>719</u>	<u>707</u>	<u>570</u>
Operating earnings	<u>38</u>	<u>63</u>	<u>(2)</u>
Earnings from continuing operations	<u>27</u>	<u>46</u>	<u>8</u>
Net Earnings	<u>39</u>	<u>45</u>	<u>(20)</u>
Diluted EPS from continuing operations - \$	0.61	1.07	0.18
Diluted EPS after discontinued operations - \$	<u>0.89</u>	<u>1.04</u>	<u>(0.47)</u>
EBITDA	<u>75</u>	<u>109</u>	<u>56</u>
EBITDA Margin - %	<u>10.5</u>	<u>15.4</u>	<u>9.8</u>

Consolidated Financial Results

Cash Flows (from continuing operations)

(Canadian \$ millions)

	Q4/10	Q3/10	Q4/09
Cash from Operations	23	79	25
Working Capital Changes	(63)	37	(71)
Capital Spending	(13)	(10)	(7)
Dividends	(3)	(3)	(1)
Other	-	3	3
Change in cash from continuing operations, excluding debt	(56)	106	(51)
Cash provided by discontinued operations	8	6	24
Total change in cash, excluding debt	(48)	112	(27)

Consolidated Financial Results

Balance Sheet

(Canadian \$ millions)

	Q4/10	End of Q3/10	Q4/09
Working Capital, excluding net debt	273	226	398
Property, Plant & Equipment	1,502	1,531	1,624
Other Assets	513	471	485
Other Liabilities	375	378	384
Total Debt, net	148	113	505
Shareholders' Equity	1,765	1,737	1,618
Net Debt to Total Capitalization Ratio - %	7.7	6.1	23.8

Outlook

Lumber

Continued low U.S. housing starts and lumber demand will put downward pressure on lumber prices

Demand in China supporting increased shipments

Panels

U.S. plywood imports will likely continue until the Canadian dollar weakens or U.S. housing improves

Pulp

Prices expected to strengthen on improved demand