



West Fraser

Analysts' Tour – May 24th, 2011

U.S. South

Forward-Looking Statements

This presentation includes forward-looking statements, which are statements that are not historical facts, and as a result are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in or suggested by the forward-looking statements. Forward-looking statements are intended to provide reasonable guidance to you but the accuracy of these statements depends on a number of assumptions and is subject to various risks and uncertainties and actual outcomes and results may differ materially from those anticipated or projected. These include, but are not limited to, uncertainties associated with the effect of general economic conditions, particularly in the United States, demand for the Company's products, foreign exchange rate fluctuations and in particular the relative values of the Canadian and U.S. dollars, potential trade sanctions, the availability and cost of fibre, competition, operational curtailments, transportation limitations, natural disasters, insect infestation, the effects of forestry, land use, environmental and other government laws and regulations, First Nation's claims and the ability of the Company to execute its business plans.

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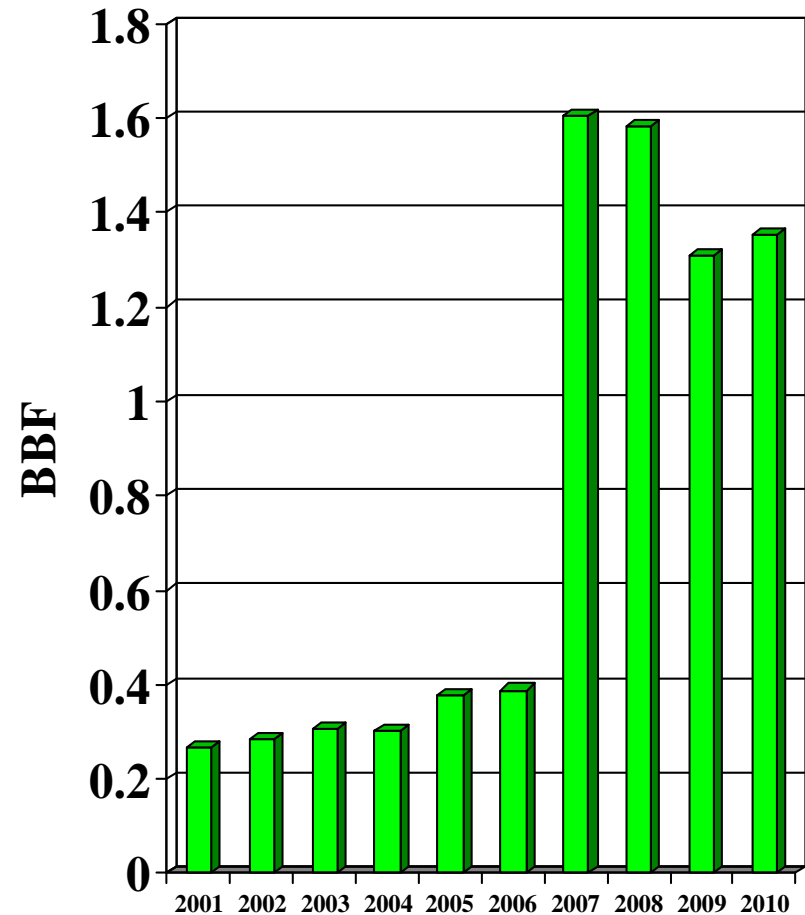


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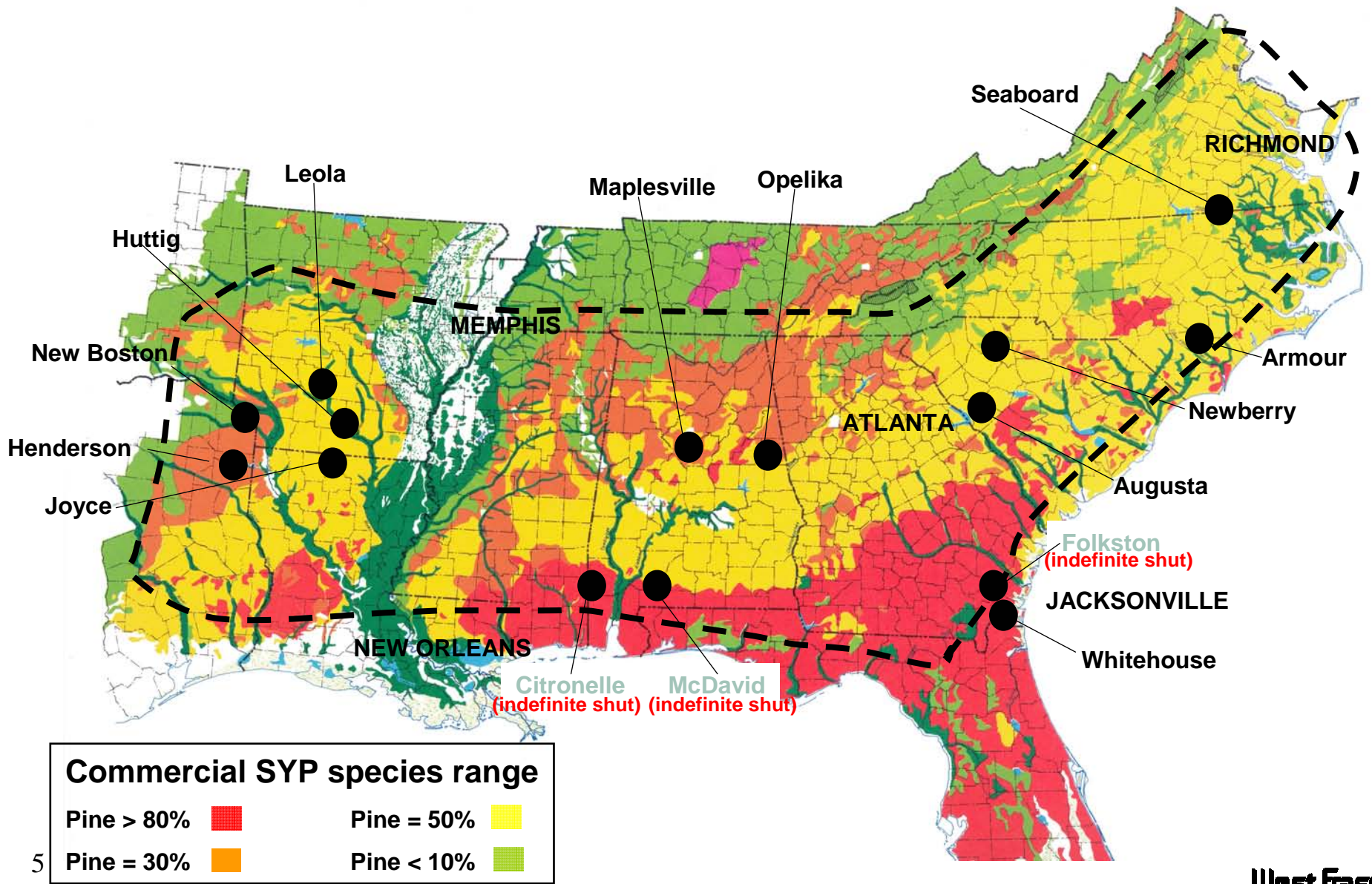
Welcome to the South

US South Growth

- **Purchase Joyce & Huttig from Plum Creek (2000)**
- **Acquisition of thirteen IP sawmills (2007)**
- **Curtailments (2008/09)**
 - 3 mills indefinitely curtailed
- **Current capacity of 2 BBF**
- **Q1 2011 – 76% of capacity**

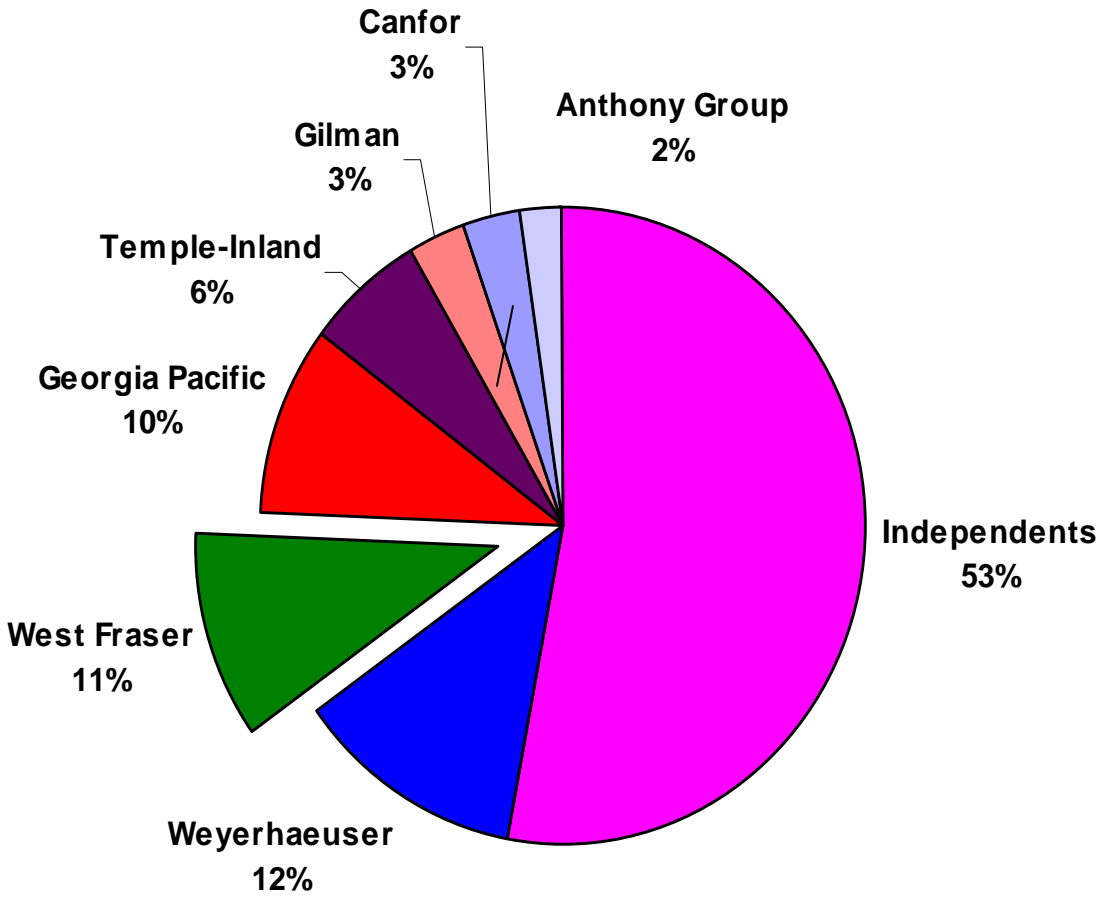


Mill Locations



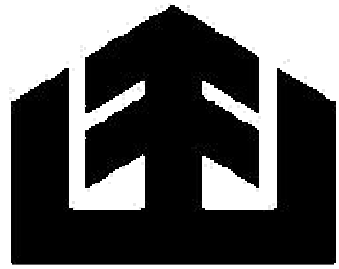
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SYP Producer Capacity



Source: FEA

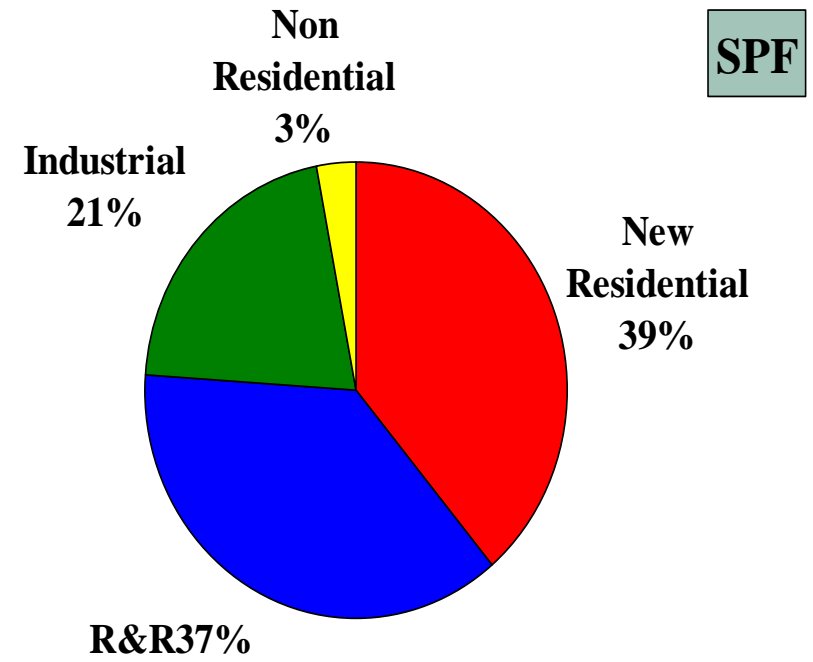
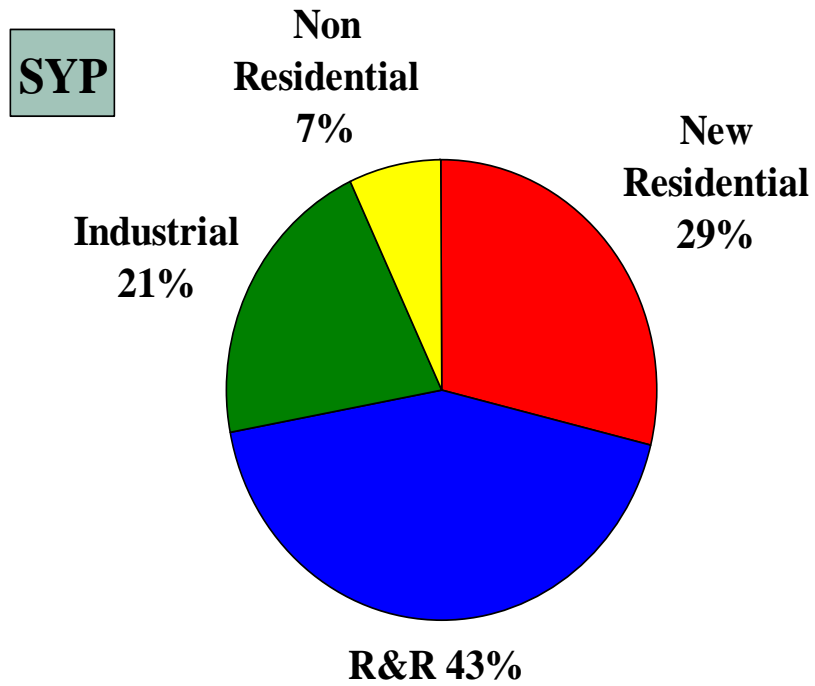




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SYP Markets

Lumber – End Use (Average 2007-2010)



Source: FEA

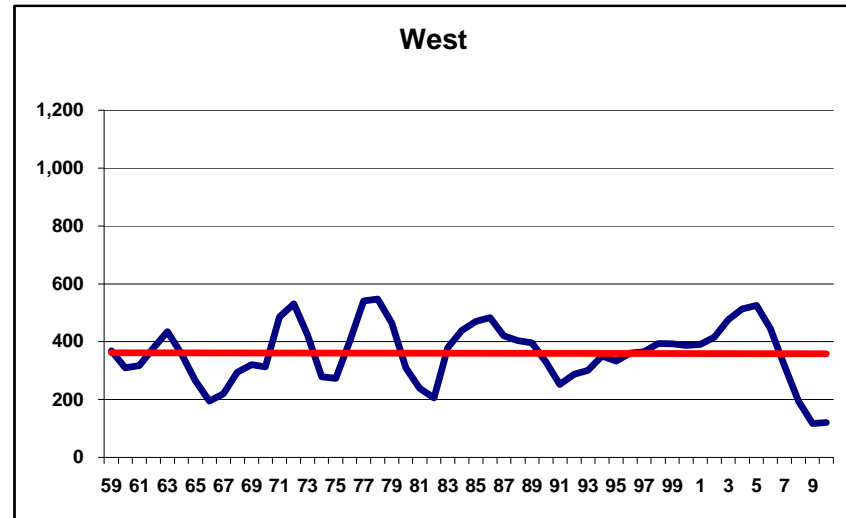
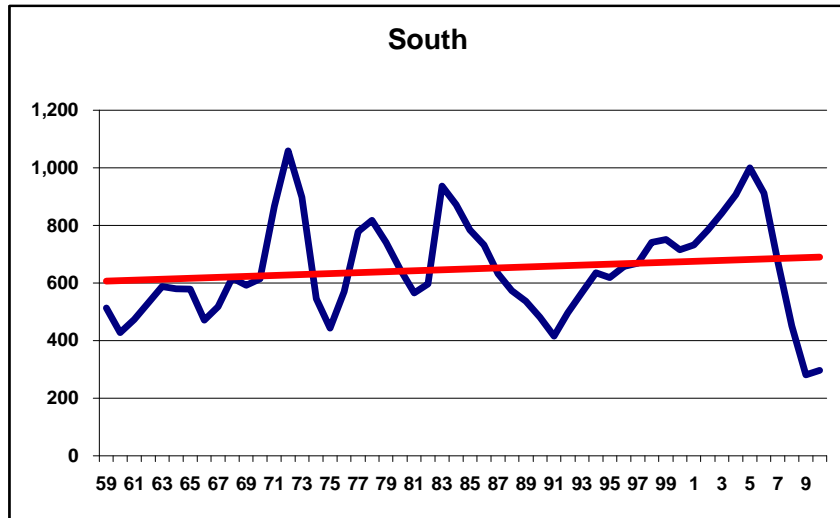
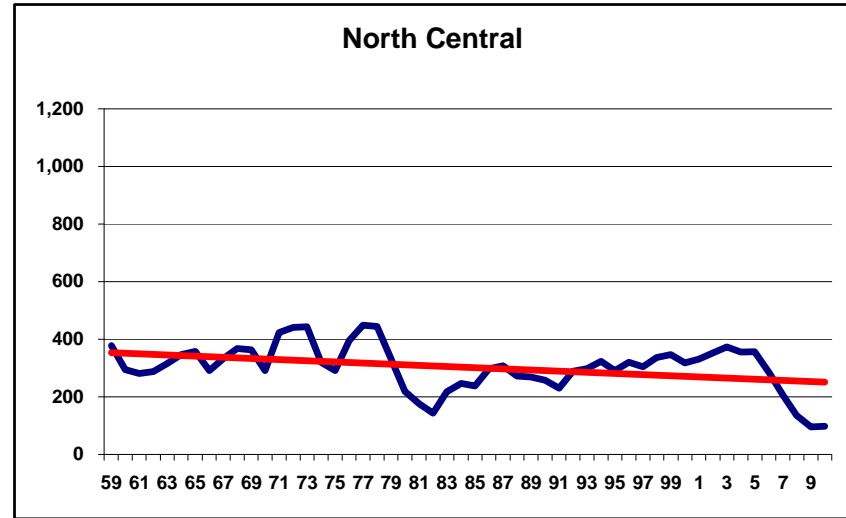
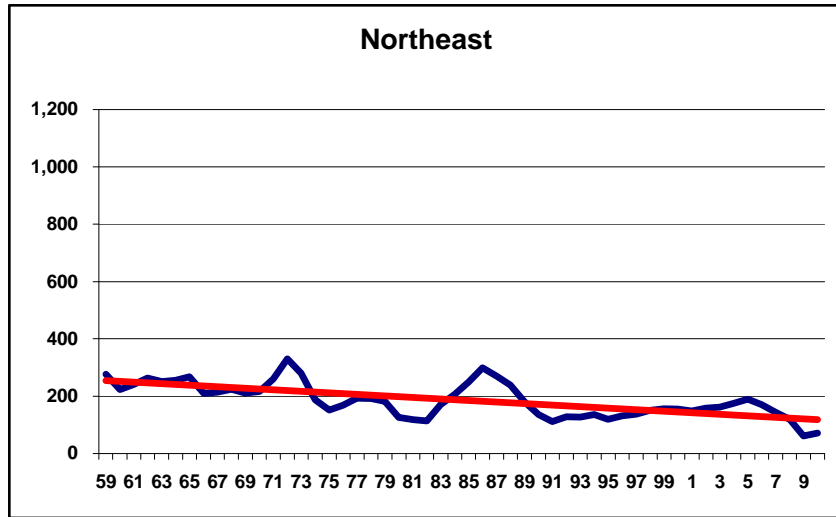
End Use



SYP Segments

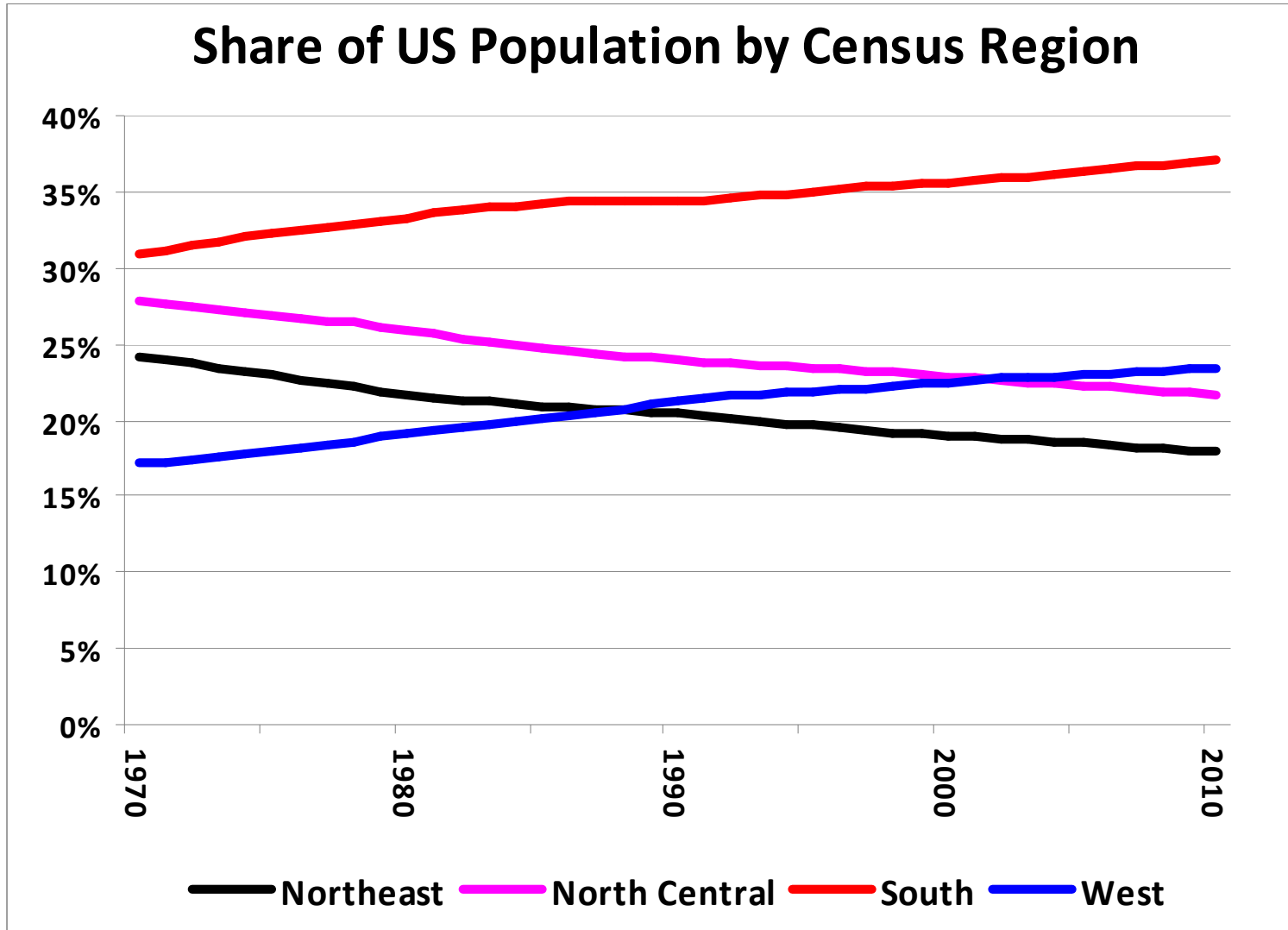
- **Treated**
 - Traditional
 - Big Box
- **Retail**
 - Pro Yard
 - Co-Op
 - Traditional
- **Industrial**
- **Truss**
- **Export**

U.S. Housing Starts by Region



Source: FEA

Share of US Population by Census Region



Market Outlook

- **Near term**

- Tough pricing environment
 - SYP supply / demand balance
 - Wide dimension
- Texas
- Export

- **Longer term**

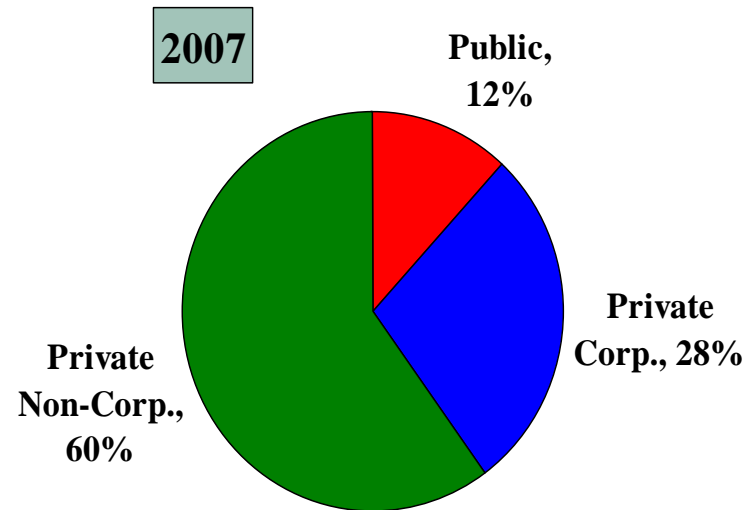
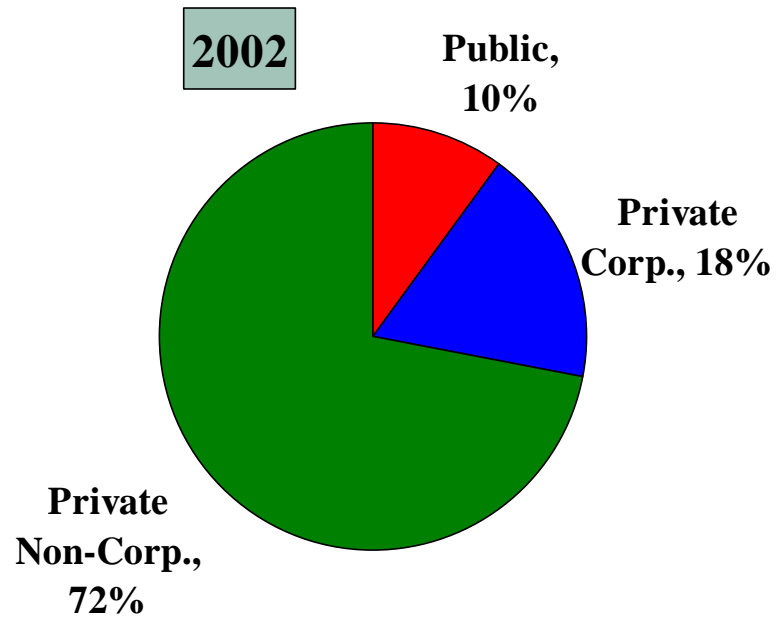
- Positive as housing recovers



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Timber Supply

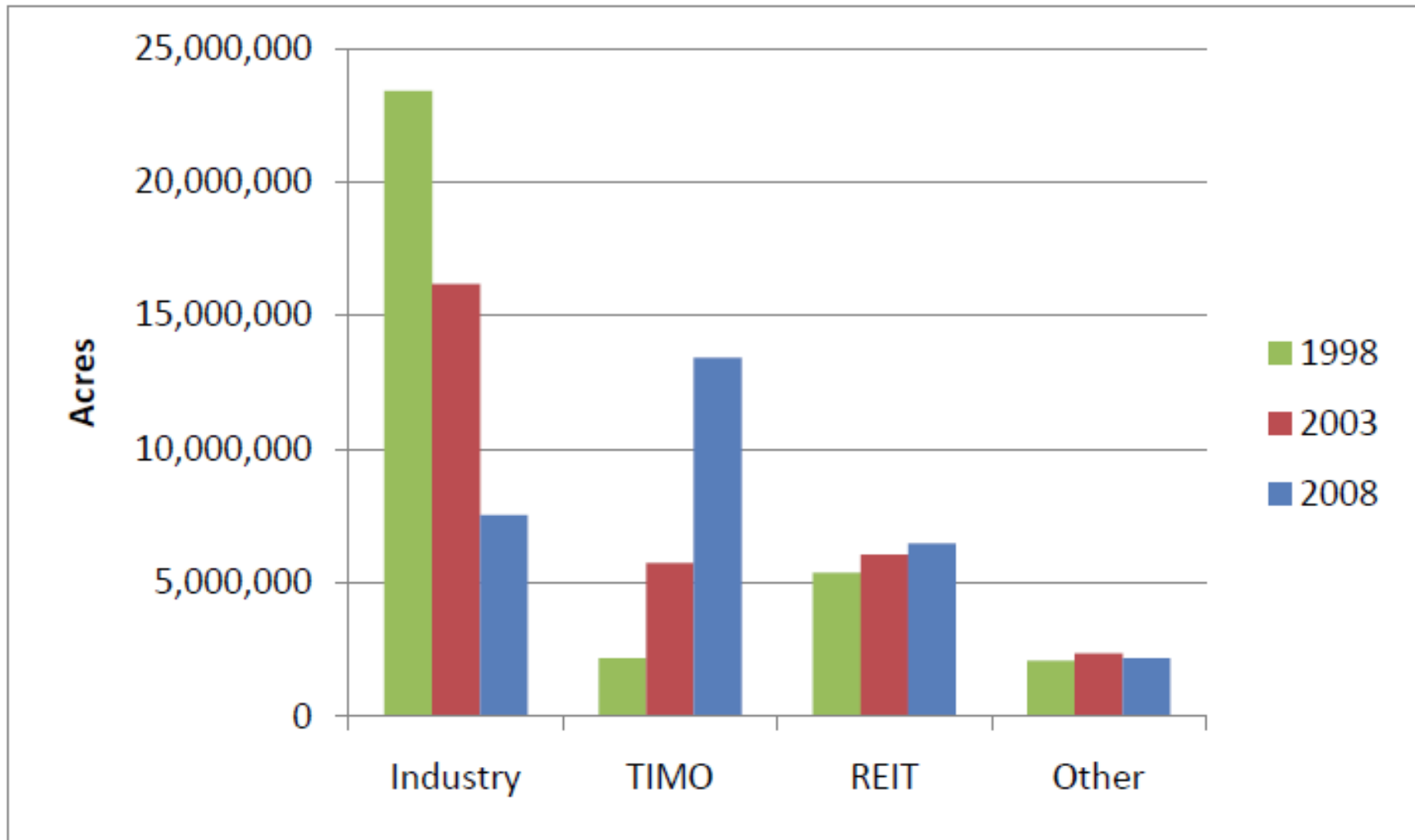
U.S. South Timberland Ownership



Source: FEA

Timber is moving into Private/Corp. category through REITS

Corporate Ownership of Forest land by Ownership Class



Source: USDA; Butler and Wear 2010

Timber Supply

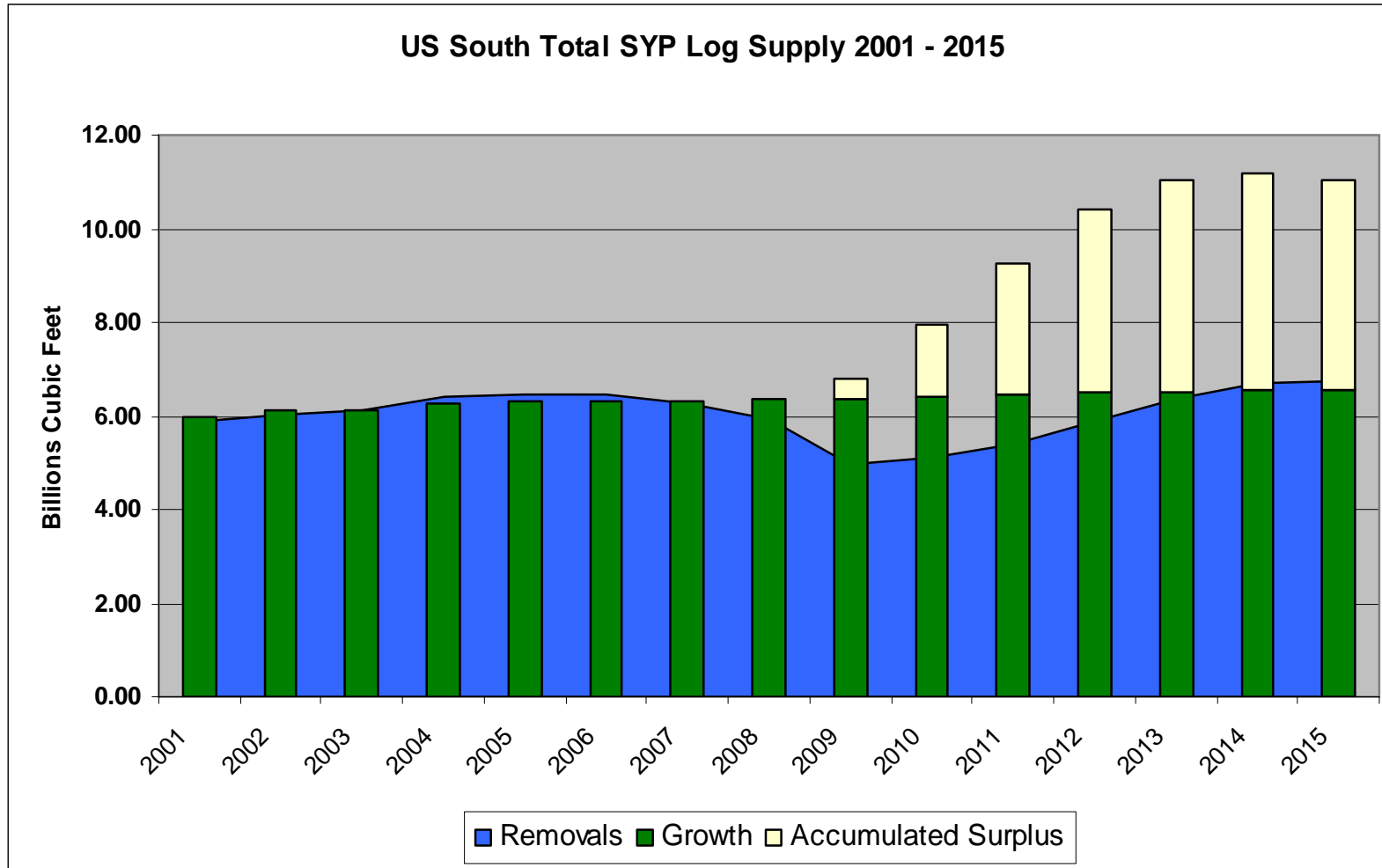
■ Sourcing Strategy

■ Long Term Agreements	20 – 25%
■ Negotiated Gate Wood	10 – 20%
■ Tract Specific Agreements	25 – 35%
■ Timber Deeds	<5%
■ Open Gate Wood	15 – 35%

■ **Varies by Mill and Location depending on regional Land Ownership & Supplier Force**

Note: Percent based on “Normal” operating schedule.

Supply Availability



Biomass & Energy Projects

- **Opportunity**

- Increase demand for residuals
- Non traditional market independent of Housing
- Supplier Work Force
- Incidental log supply

- **Challenges**

- Increase Competition for wood supply
- Impact on Supplier & Loggers

Timber Outlook

- **Near term**

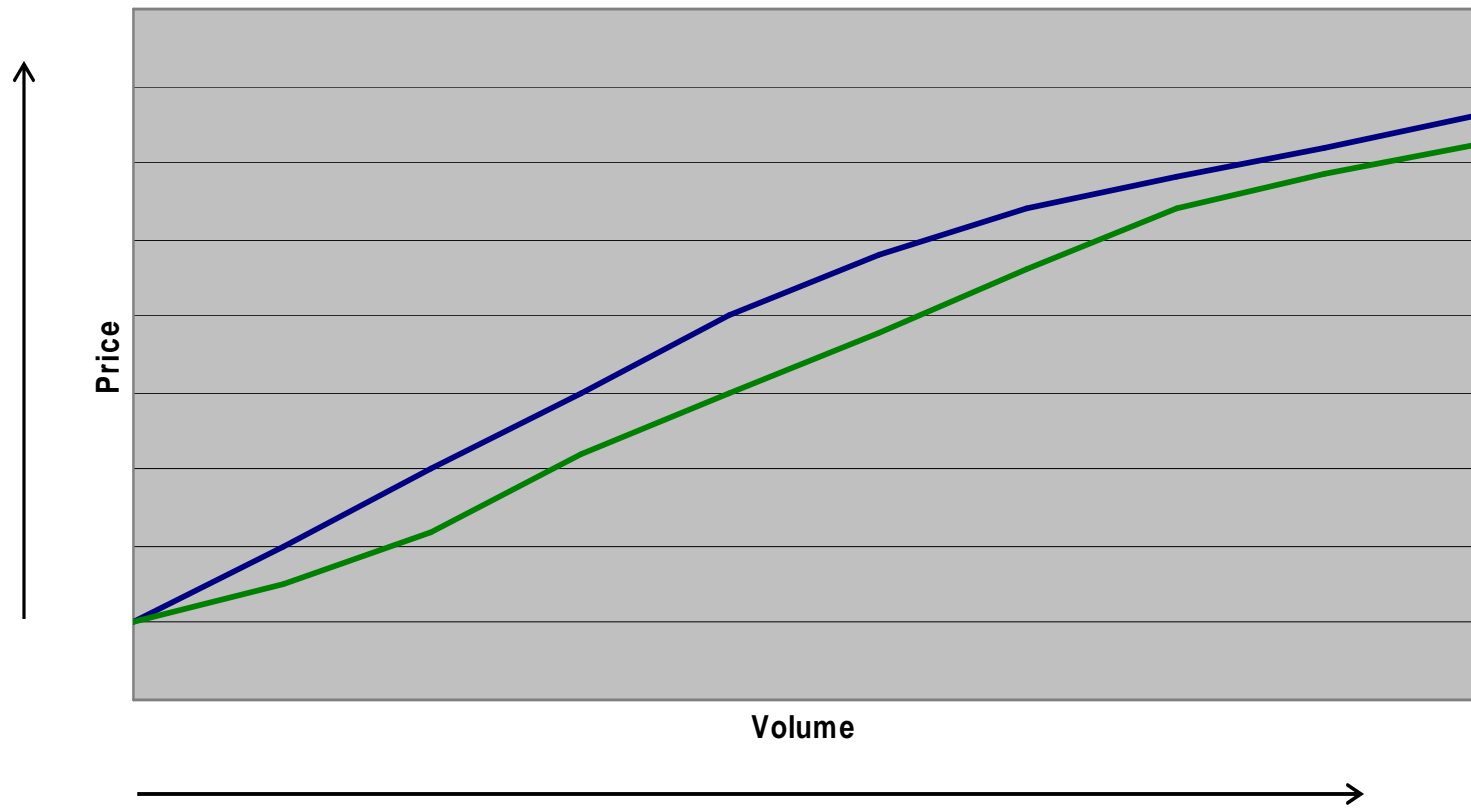
- Impact of downturn on Supplier / logging force
- Stumpage expectations
- Operating cost increase
- Continue flattening of price curve

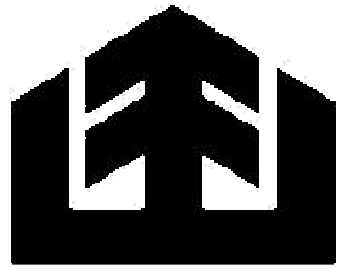
- **Longer term**

- Decreased competition in many drains
- Change in land ownership patterns
- Positive growth/drain ratio

Projected Price / Supply Dynamics

— historical — projected

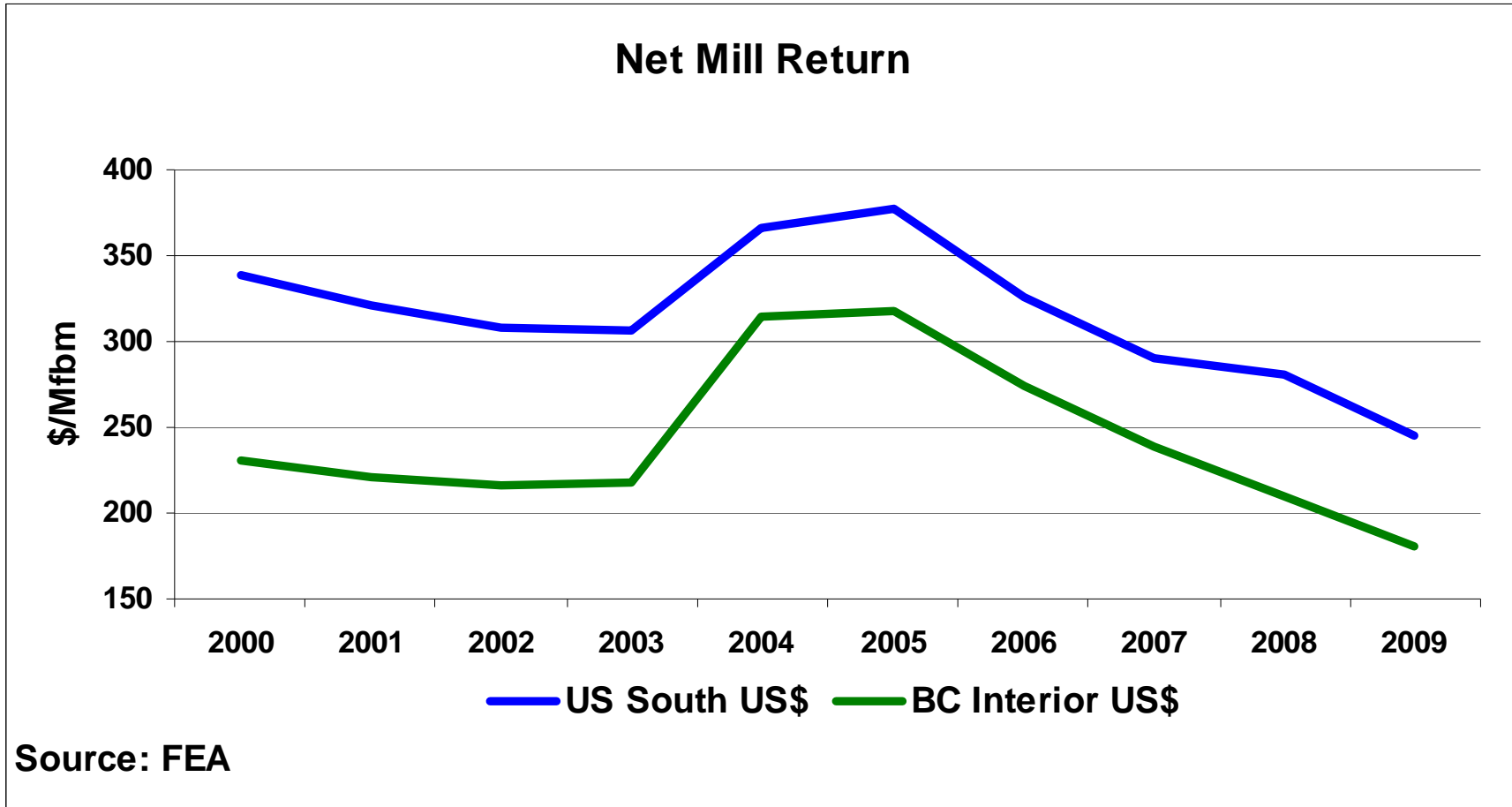




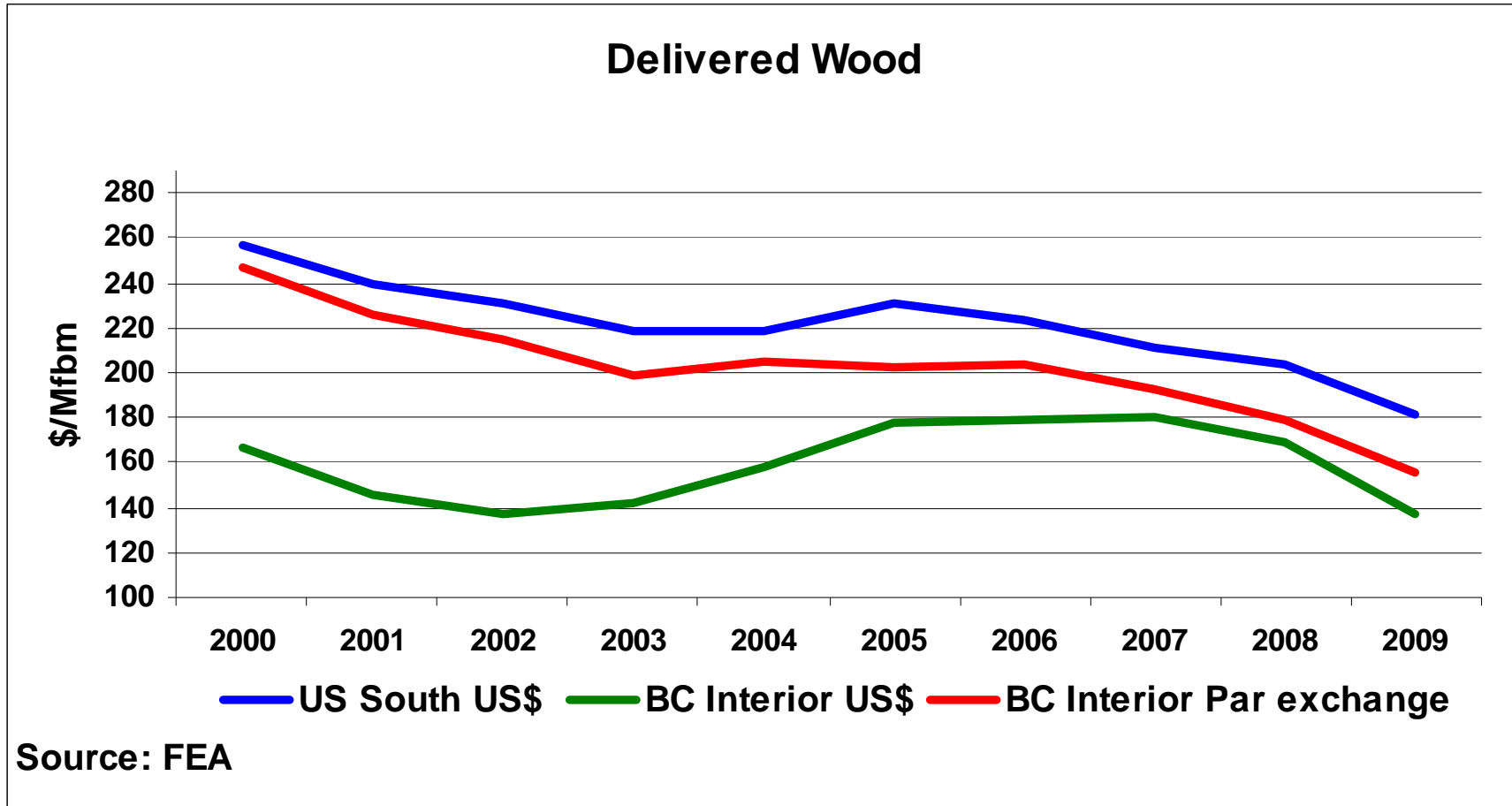
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Summary

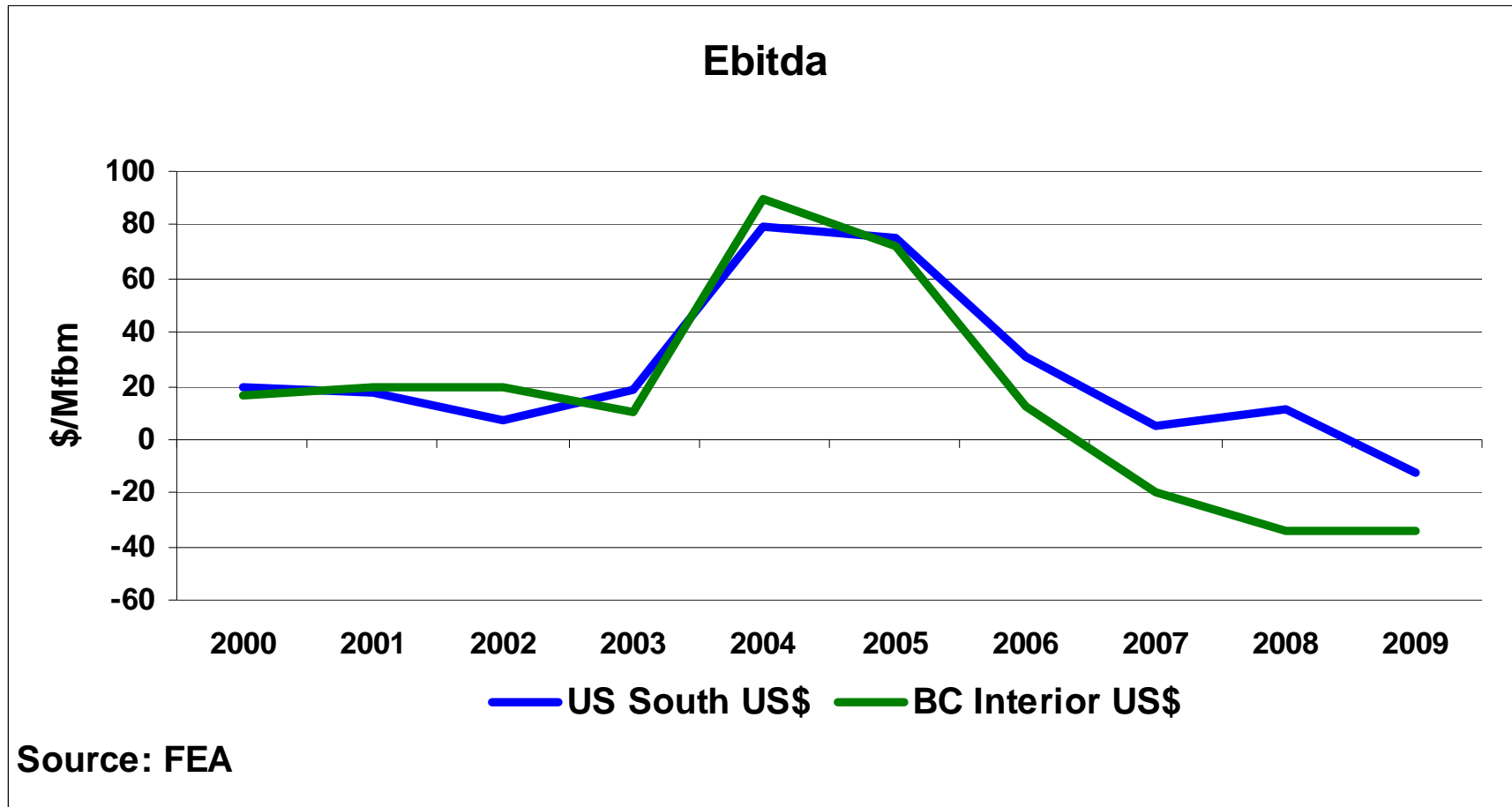
Competitiveness



Competitiveness



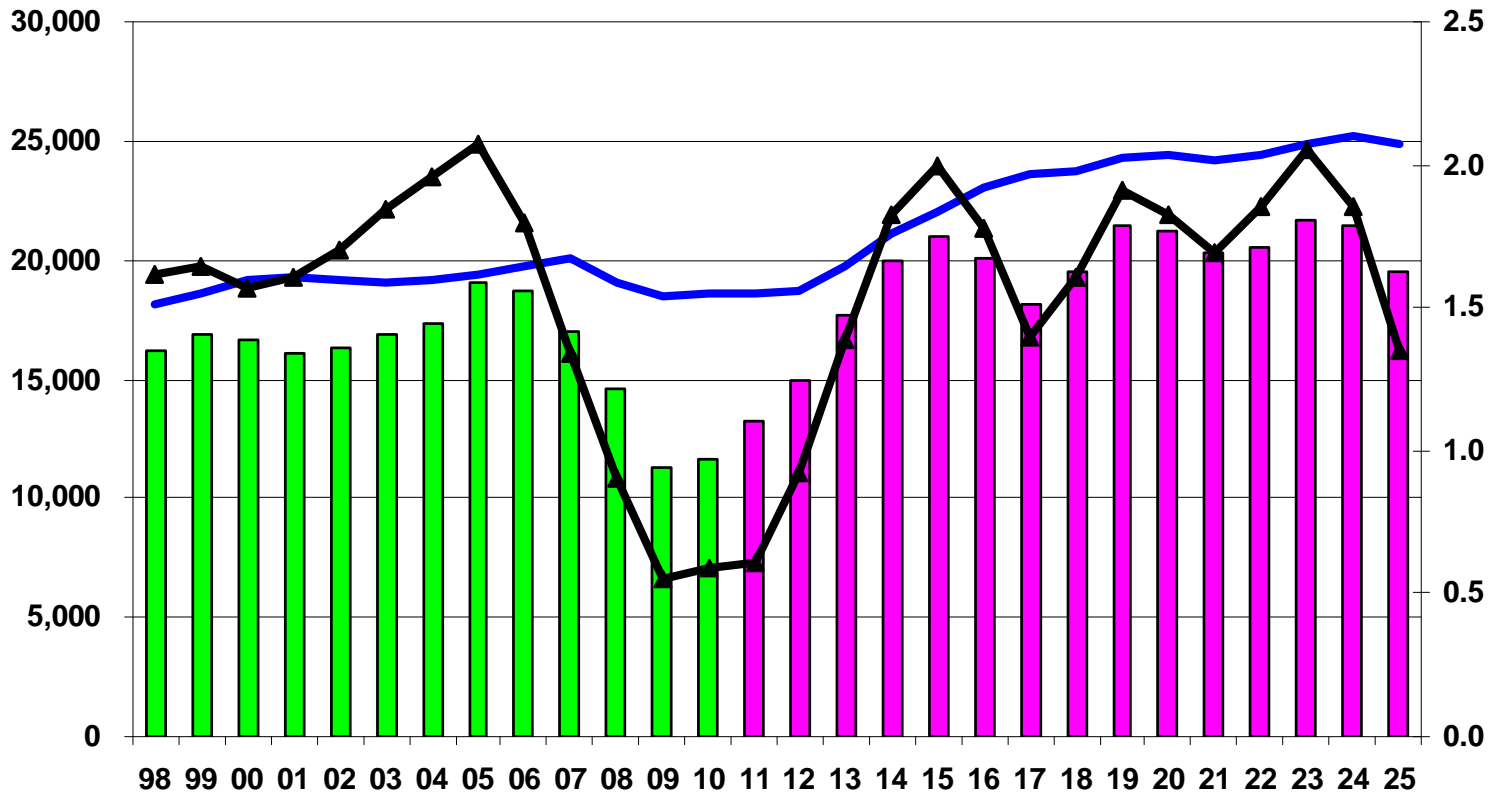
Competitiveness



US South Lumber Production

MMfbm

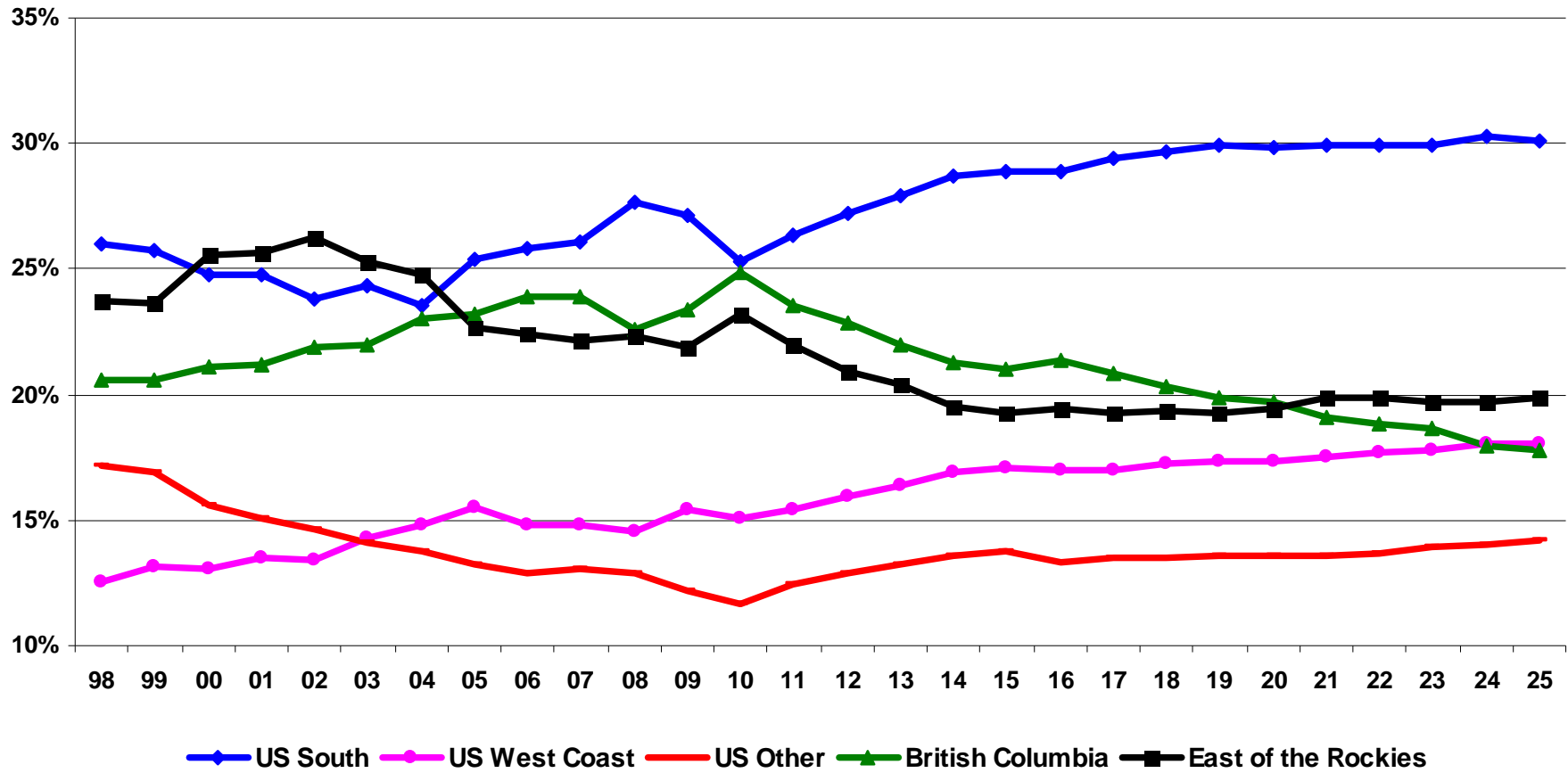
Million



Source: FEA/RISI

— Capacity —▲— US Housing Starts®

Share of North American Production



Source: FEA

Update - 2007 to Current

- **WF manufacturing culture**
- **Good progress in operating metrics**
- **Synergies exceeded expectations**
- **Capital**
 - on hold due to downturn
 - backlog of projects

Priorities

- **WF culture**
 - Cost
 - Manufacturing focus
- **Capital to improve competitiveness**
 - Prioritization
 - Project management
- **Re-grow capacity**
- **People development and succession**

Summary

- **Proximity to market**
- **Demographics support demand**
- **Growing log supply**
- **Investment opportunities**
- **Diversification**
 - Pine Beetle
 - FX
 - Trade



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Questions?