



**West Fraser Timber Co. Ltd**

1000-1100 Melville Street  
Vancouver, B.C.  
Canada V6E 4A6  
Telephone: (604) 895-2700  
Fax: (604) 681-6061

**NEWS RELEASE**

**WEST FRASER TIMBER CO. LTD.  
("WFT")  
2002 2<sup>nd</sup> Quarter Results**

**Thursday, July 18, 2002**

Attention: Business & Financial Editors

**West Fraser posts earnings of \$71 million reflecting strong operating performance**

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West Fraser today announced second quarter earnings of \$71 million or \$2.10 per share on sales of \$420 million compared to earnings of \$78 million or \$1.97 per share on sales of \$416 million in the second quarter of 2001. The earnings for the quarter include a reversal of duties of \$17 million or \$0.50 per share related to the lumber trade dispute. For the first half of 2002, earnings were \$98 million or \$2.88 per share, on sales of \$800 million. This compares to earnings of \$74 million or \$1.79 per share, on sales of \$791 million in the first half of 2001.

EBITDA was \$117 million or 28% of sales for the quarter compared to \$107 million or 26% of sales in 2001. For the first half of 2002 EBITDA was \$203 million or 25% of sales compared to \$179 million or 23% of sales for the first half of 2001.

**TRADE DISPUTE**

The most serious issue facing West Fraser is the continuing softwood lumber trade dispute with the United States. Effective May 22 an onerous countervailing duty rate of 18.79% and a company specific antidumping duty rate of 2.18% was imposed. Also effective May 22, as a result of a US ruling, all accruals prior to May 22, 2002 were reversed into income. The amount of the reversal in the quarter was \$17 million after-tax. The amount accrued after May 22 and recorded as a reduction to net sales was \$9 million after-tax. Hank Ketcham, Chairman, President and Chief Executive Officer said "we continue to push for a fair settlement in this dispute but, lacking such settlement, we believe we will ultimately be successful in our appeals to NAFTA and WTO". Mr. Ketcham further stated that "the impact of the duties will make the balance of the year more challenging for our lumber business".

**OPERATIONAL RESULTS**

Strong earnings from the lumber division for the quarter were the result of record production combined with strict cost control. Lumber EBITDA for the quarter, including the duty reversal was \$87 million or 34% of sales. Prior to the duty reversal EBITDA would have been \$60 million or 23% of sales.

In June, Premier Gordon Campbell officially opened our state-of-the-art sawmill located at Chasm, British Columbia. The Chasm mill is one of the most modern and efficient mills in the industry. It employs 350 people including woodland contractors and is designed to produce 200 MMfbm of lumber per year.

The panel division generated record operating results for the quarter as a result of generally increasing prices and continuing efficiency and cost improvements in the plants.

The Company's pulp and paper operations performed well under adverse market conditions. However, the Kitimat operations suffered three days of downtime due to a major mud slide that ruptured the natural gas line supplying the mill. Prices for virtually all of West Fraser's pulp and paper products were at or near cyclical lows for the quarter.

## OUTLOOK

Recent pulp, linerboard and kraft paper price increases appear to have been accepted by the market while newsprint prices will likely increase in the third quarter. Uncertainty caused by the ongoing US softwood lumber trade dispute and questions as to the sustainability of the U.S. economic recovery continue to make it difficult to predict the direction of building product prices. Hank Ketcham stated that “West Fraser’s low-cost operations and strong balance sheet enable us to approach the current uncertainties with continued confidence”.

## CONFERENCE CALL

Investors are invited to listen to the quarterly analyst conference call to be held July 19 at 8.30am Pacific Time by dialing in at 1-800-273-9672. The call may also be accessed through West Fraser’s website at [www.westfraser.com](http://www.westfraser.com).

*West Fraser is an integrated forest products company with manufacturing operations in British Columbia, Alberta and the southern United States producing dimension lumber and related solid wood products, fibreboard, pulp, linerboard, kraft paper and newsprint.*

**CONSOLIDATED BALANCE SHEETS***(in millions of Canadian dollars - unaudited)*

|   | As at<br>June 30, 2002 | As at<br>December 31, 2001<br><small>(Restated – Note 2)</small> |
|---|------------------------|--|
| <b>ASSETS</b>                                   |                        |  |
| Cash and short-term investments                 | \$ 267.9               | \$ 270.1   |
| Accounts receivable                             | 162.7                  | 169.6  |
| Inventories                                     | 338.4                  | 305.6  |
| Prepaid expenses                                | 17.2                   | 7.8  |
| Discontinued operations – current assets        | 1.0                    | 5.9  |
|   | <b>787.2</b>           | <b>759.0</b>   |
| Other assets                                    | 89.9                   | 86.5   |
| Capital assets                                  | 1,273.2                | 1,290.7  |
| Deferred charges                                | 16.9                   | 16.3   |
| Discontinued operations – long term assets      | 113.6                  | 167.0  |
|   | <b>\$ 2,280.8</b>      | <b>\$ 2,319.5</b>  |
| <b>LIABILITIES</b>                              |                        |  |
| Accounts payable and accrued liabilities        | \$ 148.3               | \$ 188.8   |
| Current portion of reforestation obligation     | 28.1                   | 28.1   |
| Current portion of long-term debt               | 208.5                  | 238.9  |
| Discontinued operations – current liabilities   | 3.4                    | 15.4   |
|   | <b>388.3</b>           | <b>471.2</b>   |
| Long-term debt                                  | 329.4                  | 359.6  |
| Reforestation obligation                        | 69.2                   | 64.1   |
| Other liabilities                               | 15.0                   | 36.5   |
| Future income taxes                             | 213.1                  | 213.2  |
| Discontinued operations – long-term liabilities | 4.9                    | 4.5  |
| <b>SHAREHOLDERS' EQUITY</b>                     |                        |  |
| Share capital                                   | 327.2                  | 324.8  |
| Retained earnings                               | 933.7                  | 845.6  |
|   | <b>\$ 2,280.8</b>      | <b>\$ 2,319.5</b>  |

**CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS***(in millions of Canadian dollars - unaudited)*

|   | April 1 to June 30 |          | January 1 to June 30 |          |
|---|--------------------|----------|----------------------|----------|
|   | 2002               | 2001     | 2002                 | 2001     |
| <b>EARNINGS</b>   |                    |          |                      |          |
| <b>Net Sales</b>  | \$ 420.2           | \$ 416.1 | \$ 799.6             | \$ 791.2 |
| Cost of products sold                                   | 308.7              | 288.9    | 585.9                | 575.8    |
| Amortization of capital assets                          | 31.4               | 29.5     | 66.3                 | 62.1     |
| Selling, general and administrative                     | 17.6               | 19.8     | 35.8                 | 36.1     |
| Reversal of prior year export duties                    | (23.0)             | -        | (25.0)               | -        |
| <b>Operating earnings</b>                               | 85.5               | 77.9     | 136.6                | 117.2    |
| Interest expense  | (9.0)              | (6.2)    | (18.7)               | (17.1)   |
| Exchange gain (loss) on long-term debt                  | 23.2               | 21.7     | 22.8                 | (3.2)    |
| Other income (expense)                                  | (2.7)              | (3.4)    | (2.8)                | 1.7      |
| Earnings from continuing operations before income taxes | 97.0               | 90.0     | 137.9                | 98.6     |
| Income taxes  | 26.0               | 25.2     | 40.3                 | 36.6     |
| Earnings from continuing operations                     | 71.0               | 64.8     | 97.6                 | 62.0     |
| Earnings from discontinued operations (note 3)          | -                  | 13.2     | -                    | 11.5     |
| <b>Earnings</b>   | \$ 71.0            | \$ 78.0  | \$ 97.6              | \$ 73.5  |
| <b>Earnings per common share (in dollars) (note 5)</b>  |                    |          |                      |          |
| Basic from continuing operations                        | \$ 2.12            | \$ 1.93  | \$ 2.91              | \$ 1.83  |
| Basic after discontinued operations                     | \$ 2.12            | \$ 1.97  | \$ 2.91              | \$ 1.80  |
| Diluted from continuing operations                      | \$ 2.10            | \$ 1.92  | \$ 2.88              | \$ 1.82  |
| Diluted after discontinued operations                   | \$ 2.10            | \$ 1.97  | \$ 2.88              | \$ 1.79  |
| <b>RETAINED EARNINGS</b>                                |                    |          |                      |          |
| <b>Balance – beginning of period</b>                    | \$ 867.4           | \$ 752.0 | \$ 878.6             | \$ 782.8 |
| Change in accounting for foreign exchange (note 2)      | -                  | -        | (33.0)               | (21.4)   |
|   | 867.4              | 752.0    | 845.6                | 761.4    |
| Earnings  | 71.0               | 78.0     | 97.6                 | 73.5     |
|   | 938.4              | 830.0    | 943.2                | 834.9    |
| Convertible obligation                                  | -                  | (12.0)   | -                    | (12.6)   |
| Preferred share payment                                 | -                  | (0.2)    | (0.2)                | (0.2)    |
| Dividends   | (4.7)              | (4.2)    | (9.3)                | (8.5)    |
| <b>Balance – end of period</b>                          | \$ 933.7           | \$ 813.6 | \$ 933.7             | \$ 813.6 |

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions of Canadian dollars - unaudited)

|  | April 1 to June 30 |                     | January 1 to June 30 |                     |
|--|--------------------|---------------------|----------------------|---------------------|
|  | 2002               | 2001                | 2002                 | 2001                |
|  |                    | (Restated – Note 2) |                      | (Restated – note 2) |
| <b>Cash Flows from Operating Activities</b>        |                    |                     |                      |                     |
| Earnings from continuing operations                | \$ 71.0            | \$ 64.8             | \$ 97.6              | \$ 62.0             |
| Amortization of capital assets                     | 31.4               | 29.5                | 66.3                 | 62.1                |
| Exchange (gain) loss on long-term debt             | (23.2)             | (21.7)              | (22.8)               | 3.2                 |
| Future income taxes                                | -                  | (1.9)               | (0.1)                | (0.3)               |
| Other long-term liabilities                        | (23.2)             | (0.1)               | (21.5)               | 5.4                 |
| Reforestation obligation                           | (3.9)              | (3.5)               | 5.1                  | 6.7                 |
| Other  | (0.9)              | (0.3)               | (1.0)                | 0.1                 |
|  | 51.2               | 66.8                | 123.6                | 139.2               |
| Net change in non-cash working capital items       | 47.3               | 32.0                | (75.7)               | (77.0)              |
|  | 98.5               | 98.8                | 47.9                 | 62.2                |
| <b>Cash Flows from Financing Activities</b>        |                    |                     |                      |                     |
| Proceeds from long-term debt                       | -                  | 45.0                | -                    | 76.4                |
| Repayment of long-term debt                        | (37.9)             | (112.8)             | (37.9)               | (112.8)             |
| Dividends  | (4.7)              | (4.2)               | (9.3)                | (8.5)               |
| Other  | 0.9                | (0.2)               | 2.1                  | (0.4)               |
|  | (41.7)             | (72.2)              | (45.1)               | (45.3)              |
| <b>Cash Flows from Investing Activities</b>        |                    |                     |                      |                     |
| Capital asset additions                            | (31.0)             | (22.5)              | (52.8)               | (32.0)              |
| Proceeds from disposal of capital assets           | 3.4                | 0.7                 | 3.9                  | 1.2                 |
| Acquisitions                                       | -                  | (29.8)              | -                    | (29.8)              |
| Change in other assets                             | 1.2                | (9.1)               | (2.9)                | (8.0)               |
|  | (26.4)             | (60.7)              | (51.8)               | (68.6)              |
| <b>Change in cash from continuing operations</b>   | <b>30.4</b>        | <b>(34.1)</b>       | <b>(49.0)</b>        | <b>(51.7)</b>       |
| <b>Change in cash from discontinued operations</b> | <b>20.6</b>        | <b>100.8</b>        | <b>46.8</b>          | <b>95.5</b>         |
| <b>Net Cash – beginning of period</b>              | <b>216.9</b>       | <b>(118.5)</b>      | <b>270.1</b>         | <b>(95.6)</b>       |
| <b>Net Cash – end of period</b>                    | <b>\$ 267.9</b>    | <b>\$ (51.8)</b>    | <b>\$ 267.9</b>      | <b>\$ (51.8)</b>    |
| <b>Interest Paid</b>                               | <b>\$ 7.4</b>      | <b>\$ 9.9</b>       | <b>\$ 22.2</b>       | <b>\$ 25.3</b>      |
| <b>Income Taxes Paid</b>                           | <b>\$ 5.9</b>      | <b>\$ 22.7</b>      | <b>\$ 52.1</b>       | <b>\$ 44.0</b>      |

**QUARTERLY COMPARISONS – Continuing Operations**

January 1 to December 31

*(in millions of Canadian dollars - unaudited)*

|   | 2002     | 2001<br><small>(Restated - Note 2)</small> |
|---|----------|--|
| <b>Sales</b>  |          |  |
| First   | \$ 379.4 | \$ 375.1                                   |
| Second  | 420.2    | 416.1                                      |
| Third   |          | 407.4                                      |
| Fourth  |          | 363.7                                      |
|   |          | \$1,562.3                                  |
| <b>Earnings</b>                                       |          |  |
| First   | \$ 26.6  | \$ (2.8)                                   |
| Second  | 71.0     | 64.8                                       |
| Third   |          | 30.9                                       |
| Fourth  |          | 4.4  |
|   |          | \$ 97.3                                    |
| <b>Diluted Earnings Per Share</b> <i>(in dollars)</i> |          |  |
| First   | \$ 0.78  | \$ (0.10)                                  |
| Second  | 2.10     | 1.92                                       |
| Third   |          | 0.91                                       |
| Fourth  |          | 0.12                                       |
| Annual  |          | \$ 2.85                                    |

Number of common shares outstanding at June 30, 2002 was 33,472,031.

**NOTES TO INTERIM FINANCIAL STATEMENTS**

January 1 to June 30, 2002 and 2001

*(figures are in millions of dollars except where indicated)***1. BASIS OF PRESENTATION**

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the company's annual report for the year ended December 31, 2001.

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31 consolidated annual financial statements except as disclosed in note 2.

**2. CHANGE IN ACCOUNTING POLICY****Foreign Exchange**

Effective January 1, 2002, the company changed its method of accounting for foreign exchange gains and losses on long-term debt, as recommended by the Canadian Institute of Chartered Accountants. Before 2002, exchange gains and losses were deferred and amortized over the life of the debt. Under the new method, gains and losses must be recognized in the current period. The company has adopted the new recommendation retroactively and has restated prior periods' financial statements. The effect of adopting the new recommendations on the prior period's financial statements is as follows:

|  | April 1 to June 30 |          | January 1 to June 30 |          |
|--|--------------------|----------|----------------------|----------|
|  | 2002               | 2001     | 2002                 | 2001     |
| Earnings as previously reported                  | \$ -               | \$ 55.0  | \$ -                 | \$ 71.2  |
| Earnings as restated                             | -                  | 78.0     | -                    | 73.5     |
| Opening retained earnings as previously reported | 867.4              | 794.2    | 878.6                | 782.8    |
| Opening retained earnings as restated            | \$ 867.4           | \$ 752.0 | \$ 845.6             | \$ 761.4 |

### 3. DISCONTINUED OPERATIONS

#### Retail Home Improvement

On April 30, 2001 (the Measurement Date) the company adopted a plan to dispose of its retail home improvement operations and the majority of related real estate. Effective June 6, 2001, the company sold substantially all of its retail home improvement operations for proceeds of \$184.7 million. The majority of the real estate is expected to be sold in 2002.

The loss from discontinued operations is based on management's best estimates. These include the proceeds to be realized on the sale of the real estate and other retained assets, closure and other costs related to the disposition of retail sales operations owned, and other liabilities and possible claims. Changes to these estimates will be recognized as a gain or loss from discontinued operations in the period in which such changes are determined.

Non-current assets of discontinued operations principally comprise capital assets. Retail sales up to the date of disposal were \$433.8 million.

#### Convertible Obligation

On the acquisition of a home improvement business in 1998, a subsidiary of the company issued 1,500,000 of its common shares. Under certain circumstances, the company had the right to issue common shares in satisfaction of a contractual repurchase. Accordingly, the present value was recorded in shareholder's equity as a convertible obligation. On July 13, 2001, the company acquired these shares for \$32.1 million, which resulted in a charge of \$12.6 million to retained earnings.

#### Timber Plantations

On June 29, 2001 the company sold its timber plantations for net proceeds of \$72.2 million. The resulting gain on sale of \$33.3 million has been accounted for as discontinued operations. Capital losses are available to eliminate taxes on the sale.

#### Discontinued Operations

The results of discontinued operations are as follows:

|   | April 1 to June 30 |         | January 1 to June 30 |          |
|---|--------------------|---------|----------------------|----------|
|   | 2002               | 2001    | 2002                 | 2001     |
| Earnings (loss) before income tax to Measurement Date | \$ -               | \$ 1.4  | \$ -                 | \$ (1.7) |
| Income tax recovery (expense)                         | -                  | (0.6)   | -                    | 0.8      |
| Earnings (loss) from operations to Measurement Date   | -                  | 0.8     | -                    | (0.9)    |
| Loss on disposal of retail operations                 | -                  | (20.9)  | -                    | (20.9)   |
| Earnings (loss) from discontinued retail operations   | -                  | (20.1)  | -                    | (21.8)   |
| Timber plantations                                    | -                  | 33.3    | -                    | 33.3     |
| Earnings (loss) from discontinued operations          | \$ -               | \$ 13.2 | \$ -                 | \$ 11.5  |

### 4. SHARE CAPITAL

The company issued 3,038,698 common shares effective March 15, 2002 pursuant to a 10% stock dividend.

## 5. EARNINGS PER SHARE

Basic earnings per share are calculated based on earnings available to common shareholders, as set out below, using the weighted average number of common shares outstanding. Diluted earnings per share assume the settlement of the convertible obligation for common shares, if dilutive, and the exercise of options using the treasury stock method. The assumed settlement of the convertible obligation is not dilutive for the April 1 to June 30, 2001 period.

Earnings per share figures reflect the 10% stock dividend as if the shares had been outstanding from the beginning of the periods presented.

|  | April 1 to June 30 |                    |                 |                    |
|--|--------------------|--------------------|-----------------|--------------------|
|  | 2002               |                    | 2001            |                    |
|  | From continuing    | After discontinued | From continuing | After discontinued |
| <b>Earnings</b>                            |                    |                    |                 |                    |
| Earnings                                   | \$ 71.0            | \$ 71.0            | \$ 64.8         | \$ 78.0            |
| Preferred share payments                   | -                  | -                  | (0.4)           | (0.4)              |
| Convertible obligation accretion           | -                  | -                  | -               | (12.0)             |
| Available to shareholders                  | 71.0               | 71.0               | 64.4            | 65.6               |
| <b>Weighted average shares (thousands)</b> |                    |                    |                 |                    |
| Weighted average shares – basic            | 33,464             | 33,464             | 33,393          | 33,393             |
| Stock options – treasury stock method      | 414                | 414                | 123             | 123                |
| Weighted average shares - diluted          | 33,878             | 33,878             | 33,516          | 33,516             |
| <b>Earnings per share (dollars)</b>        |                    |                    |                 |                    |
| Basic earnings per share                   | \$ 2.12            | \$ 2.12            | \$ 1.93         | \$ 1.97            |
| Diluted earnings per share                 | \$ 2.10            | \$ 2.10            | \$ 1.92         | \$ 1.97            |

|  | January 1 to June 30 |                    |                 |                    |
|--|----------------------|--------------------|-----------------|--------------------|
|  | 2002                 |                    | 2001            |                    |
|  | From continuing      | After discontinued | From continuing | After discontinued |
| <b>Earnings</b>                            |                      |                    |                 |                    |
| Earnings                                   | \$ 97.6              | \$ 97.6            | \$ 62.0         | \$ 73.5            |
| Preferred share payments                   | (0.2)                | (0.2)              | (0.8)           | (0.8)              |
| Convertible obligation accretion           | -                    | -                  | -               | (12.6)             |
| Available to shareholders                  | 97.4                 | 97.4               | 61.2            | 60.1               |
| <b>Weighted average shares (thousands)</b> |                      |                    |                 |                    |
| Weighted average shares – basic            | 33,441               | 33,441             | 33,391          | 33,391             |
| Stock options – treasury stock method      | 377                  | 377                | 118             | 118                |
| Weighted average shares - diluted          | 33,818               | 33,818             | 33,509          | 33,509             |
| <b>Earnings per share (dollars)</b>        |                      |                    |                 |                    |
| Basic earnings per share                   | \$ 2.91              | \$ 2.91            | \$ 1.83         | \$ 1.80            |
| Diluted earnings per share                 | \$ 2.88              | \$ 2.88            | \$ 1.82         | \$ 1.79            |

## 6. STOCK BASED COMPENSATION

During the six months ended June 30, 2002, the company issued 297,000 stock options to employees at \$36.82 per share. These options vest at 20% per year and expire after 10 years. No compensation expense has been recognized for these options. Had compensation cost for these stock options been determined based on the fair value at the grant date, consistent with the fair value based method of accounting for stock-based compensation, the company's net income would have been reduced by \$0.3 million. The total fair value of the options issued during the six months ended June 30, 2002 was \$4.7 million. The company has not calculated the fair value of the stock options issued prior to January 1, 2002.

## 7. CONTINGENT LIABILITY

On March 21, 2002 and further adjusted on April 25, 2002, the U.S. Department of Commerce ("USDOC") issued its final determination in the countervailing and antidumping investigations. The USDOC's final determination in the countervailing investigation resulted in a duty rate of 18.79% to be posted by cash deposits. The USDOC's final determination in the antidumping investigation resulted in a company specific duty rate of 2.18% also to be posted by cash deposits.

On May 16, 2002, the United States International Trade Commission ("USITC") published its final determination on injury stating that Canadian softwood lumber threatens material injury to the U.S. industry. As a result, cash deposits will be required for shipments at the rates determined by the USDOC effective from May 22, 2002. All bonds posted prior to May 22, 2002 will be refunded.

The company has accrued \$13.9 million for the period from May 22, 2002 to June 30, 2002 representing the combined final countervailing and anti-dumping duties of 20.97%.

The Company had accrued \$20.9 million for the period from August 17, 2001 to December 15, 2001 representing the preliminary countervailing duty rate of 19.34%, and \$7.8 million for the period from November 6, 2001 to May 6, 2002, representing the preliminary anti-dumping duty rate of 2.26%. The Company reversed \$2.0 million during the three months ended March 31, 2002 and a further \$26.7 million during the three months ended June 30, 2002, representing the balance of the combined accrual. The reversal of the current year accrual has been recorded as a credit to sales. Of the current quarter reversal, \$23.0 related to fiscal 2001 sales and \$3.7 million related to the first quarter ended March 31, 2002 sales. Any further adjustments resulting from a change in the countervailing and anti-dumping duty rates will be made prospectively.

The Company and other Canadian forest product companies, the Federal Government and Canadian provincial governments ("Canadian Interests") categorically deny the US allegations and strongly disagree with the final countervailing and dumping determinations made by the USITC and USDOC. Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute. Canadian Interests may appeal the decision of these administrative agencies to the appropriate courts, NAFTA panels and the WTO. The final amount of countervailing and antidumping duties that may be assessed on Canadian softwood lumber exports to the U.S., cannot be determined at this time and will depend on the results of these appeals. Notwithstanding the final cash deposit rates established in the investigations, the final liability for the assessment of countervailing and anti-dumping duties will not be determined until each annual administrative review process is complete.

**SECOND QUARTER SEGMENTED INFORMATION***(in millions of Canadian dollars – unaudited)*

|  | Lumber          | Panels         | Pulp & Paper    | Corporate & Other | Consolidated    |
|--|-----------------|----------------|-----------------|-------------------|-----------------|
| <b>April 1, 2002 to June 30, 2002</b>      |                 |                |                 |                   |                 |
| Net sales at market prices                 |                 |                |                 |                   |                 |
| To external customers                      | \$ 251.6        | \$ 56.1        | \$ 112.5        |                   | \$ 420.2        |
| To other segments                          | 7.8             |                |                 |                   |                 |
|  | <u>\$ 259.4</u> | <u>\$ 56.1</u> | <u>\$ 112.5</u> | <u>-</u>          |                 |
| <b>EBITDA</b>                              | <b>\$ 86.9</b>  | <b>\$ 19.1</b> | <b>\$ 12.2</b>  | <b>\$ (1.3)</b>   | <b>\$ 116.9</b> |
| Amortization of capital assets             | 11.8            | 5.6            | 13.7            | 0.3               | 31.4            |
| Operating earnings (loss)                  | 75.1            | 13.5           | (1.5)           | (1.6)             | 85.5            |
| Interest expense                           | 5.8             | 2.3            | 4.7             | (3.8)             | 9.0             |
| Exchange gain on long-term debt            | -               | -              | -               | (23.2)            | (23.2)          |
| Other                                      | (0.1)           | -              | (0.1)           | 2.9               | 2.7             |
| <b>Earnings (loss) before income taxes</b> | <b>\$ 69.4</b>  | <b>\$ 11.2</b> | <b>\$ (6.1)</b> | <b>\$ 22.5</b>    | <b>\$ 97.0</b>  |

**April 1, 2001 to June 30, 2001**

|                                     |                 |                |                 |                 |                 |
|-------------------------------------|-----------------|----------------|-----------------|-----------------|-----------------|
| Net sales at market prices          |                 |                |                 |                 |                 |
| To external customers               | \$ 233.8        | \$ 56.6        | \$ 125.7        |                 | 416.1           |
| To other segments                   | 7.7             |                |                 |                 |                 |
|                                     | <u>\$ 241.5</u> | <u>\$ 56.6</u> | <u>\$ 125.7</u> | <u>-</u>        |                 |
| <b>EBITDA</b>                       | <b>\$ 60.6</b>  | <b>\$ 16.8</b> | <b>\$ 33.0</b>  | <b>\$ (3.0)</b> | <b>\$ 107.4</b> |
| Amortization of capital assets      | 10.6            | 5.7            | 13.2            | -               | 29.5            |
| Operating earnings (loss)           | 50.0            | 11.1           | 19.8            | (3.0)           | 77.9            |
| Interest expense                    | 4.0             | 1.7            | 5.6             | (5.1)           | 6.2             |
| Exchange gain on long-term debt     | -               | -              | -               | (21.7)          | (21.7)          |
| Other                               | (1.3)           | 0.1            | 2.9             | 1.7             | 3.4             |
| <b>Earnings before income taxes</b> | <b>\$ 47.3</b>  | <b>\$ 9.3</b>  | <b>\$ 11.3</b>  | <b>\$ 22.1</b>  | <b>\$ 90.0</b>  |

**FIRST HALF SEGMENTED INFORMATION***(in millions of Canadian dollars – unaudited)*

|  | Lumber          | Panels          | Pulp & Paper    | Corporate & Other | Consolidated    |
|--|-----------------|-----------------|-----------------|-------------------|-----------------|
| <b>January 1, 2002 to June 30, 2002</b>    |                 |                 |                 |                   |                 |
| Net sales at market prices                 |                 |                 |                 |                   |                 |
| To external customers                      | \$ 464.2        | \$ 113.0        | \$ 222.4        |                   | \$ 799.6        |
| To other segments                          | 15.5            |                 |                 |                   |                 |
|  | <u>\$ 479.7</u> | <u>\$ 113.0</u> | <u>\$ 222.4</u> | <u>-</u>          |                 |
| <b>EBITDA</b>                              | <b>\$ 141.2</b> | <b>\$ 36.3</b>  | <b>\$ 28.6</b>  | <b>\$ (3.2)</b>   | <b>\$ 202.9</b> |
| Amortization of capital assets             | 26.2            | 12.0            | 27.4            | 0.7               | 66.3            |
| Operating earnings (loss)                  | 115.0           | 24.3            | 1.2             | (3.9)             | 136.6           |
| Interest expense                           | 9.9             | 4.0             | 8.9             | (4.1)             | 18.7            |
| Exchange gain on long-term debt            | -               | -               | -               | (22.8)            | (22.8)          |
| Other                                      | -               | -               | (0.1)           | 2.9               | 2.8             |
| <b>Earnings (loss) before income taxes</b> | <b>\$ 105.1</b> | <b>\$ 20.3</b>  | <b>\$ (7.6)</b> | <b>\$ 20.1</b>    | <b>\$ 137.9</b> |

**January 1, 2001 to June 30, 2001**

|  |                 |                 |                 |                 |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net sales at market prices                 |                 |                 |                 |                 |                 |
| To external customers                      | \$ 430.8        | \$ 109.6        | \$ 250.8        |                 | \$ 791.2        |
| To other segments                          | 15.5            |                 |                 |                 |                 |
|  | <u>\$ 446.3</u> | <u>\$ 109.6</u> | <u>\$ 250.8</u> |                 |                 |
| <b>EBITDA</b>                              | <b>\$ 89.7</b>  | <b>\$ 28.2</b>  | <b>\$ 65.7</b>  | <b>\$ (4.3)</b> | <b>\$ 179.3</b> |
| Amortization of capital assets             | 24.3            | 11.9            | 25.9            | -               | 62.1            |
| Operating earnings (loss)                  | 65.4            | 16.3            | 39.8            | (4.3)           | 117.2           |
| Interest expense                           | 8.5             | 3.6             | 10.5            | (5.5)           | 17.1            |
| Exchange loss on long-term debt            | -               | -               | -               | 3.2             | 3.2             |
| Other                                      | (1.0)           | -               | 0.3             | (1.0)           | (1.7)           |
| <b>Earnings (loss) before income taxes</b> | <b>\$ 57.9</b>  | <b>\$ 12.7</b>  | <b>\$ 29.0</b>  | <b>\$ (1.0)</b> | <b>\$ 98.6</b>  |

## SECOND QUARTER &amp; YEAR-TO-DATE OPERATING HIGHLIGHTS

|                                  |                       | April 1 to June 30 |         | January 1 to June 30 |           |
|----------------------------------|-----------------------|--------------------|---------|----------------------|-----------|
|                                  |                       | 2002               | 2001    | 2002                 | 2001      |
| <b>Lumber</b>                    | Production (Mfbm)     | <b>614,078</b>     | 562,872 | <b>1,145,899</b>     | 1,110,518 |
|                                  | Shipments (Mfbm)      | <b>568,242</b>     | 513,070 | <b>1,046,172</b>     | 1,011,711 |
| <b>Panels</b>                    |                       |                    |         |                      |           |
| MDF                              | Production (Msf-3/4") | <b>62,187</b>      | 64,015  | <b>119,726</b>       | 125,258   |
|                                  | Shipments (Msf-3/4")  | <b>66,934</b>      | 68,122  | <b>129,881</b>       | 134,232   |
| Plywood                          | Production (Msf-3/8") | <b>61,034</b>      | 63,384  | <b>121,207</b>       | 127,573   |
|                                  | Shipments (Msf-3/8")  | <b>54,823</b>      | 66,585  | <b>113,570</b>       | 128,226   |
| <b>Pulp &amp; Paper (tonnes)</b> |                       |                    |         |                      |           |
| Linerboard and Kraft Paper       | Production            | <b>105,159</b>     | 108,584 | <b>208,248</b>       | 216,483   |
|                                  | Shipments             | <b>98,411</b>      | 106,064 | <b>187,012</b>       | 199,989   |
| BCTMP                            | Production            | <b>92,357</b>      | 83,285  | <b>186,924</b>       | 177,522   |
|                                  | Shipments             | <b>96,753</b>      | 90,429  | <b>192,049</b>       | 166,002   |
| Newsprint                        | Production            | <b>31,680</b>      | 31,510  | <b>62,720</b>        | 62,260    |
|                                  | Shipments             | <b>33,847</b>      | 28,676  | <b>64,679</b>        | 58,150    |

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West Fraser shares trade on the Toronto Stock Exchange under the following symbol: WFT

Further information may be obtained from:  
**Mr. Martti Solin** Vice President, Finance and Chief Financial Officer  
or **Mr. Sam Ketcham**, Director of Corporate Planning  
Telephone number (604) 895-2700  
[www.westfraser.com](http://www.westfraser.com)