



West Fraser Timber Co. Ltd

858 Beatty Street
Suite 501
Vancouver, B.C.
Canada V5B 1C1
Telephone: (604) 895-2700
Fax: (604) 681-6061

**NEWS RELEASE
WEST FRASER TIMBER CO. LTD.
("WFT")
Thursday, February 15, 2007**

Attention: Business & Financial Editors
Financial Analysts

**West Fraser Announces Fourth Quarter
and Annual Results For 2006**

Vancouver, B.C. – **West Fraser Timber Co. Ltd.** today reported earnings of \$296 million or \$6.87 per share on sales of \$727 million in the fourth quarter of 2006 compared to a loss of \$8 million or \$0.19 per share on sales of \$809 million in the third quarter of 2006 and earnings of \$9 million or \$0.20 per share on sales of \$832 million in the fourth quarter of 2005.

For the full year, earnings were \$398 million or \$9.23 per share on sales of \$3,326 million. This compares to earnings of \$108 million or \$2.49 per share on sales of \$3,577 million for 2005.

West Fraser's fourth quarter and 2006 annual earnings reflect a duty refund of \$387 million plus interest of \$50 million that resulted from the settlement of the softwood lumber dispute. EBITDA¹, excluding the duty refund, would have been \$40 million or 6% of sales for the fourth quarter of 2006 and \$296 million or 9% of sales for 2006. This compares to EBITDA of \$53 million or 7% of sales for the third quarter of 2006 and \$95 million or 11% of sales for the fourth quarter of 2005. EBITDA for the full year of 2005 was \$447 million or 12% of sales.

Fourth quarter 2006 earnings reflect the following after-tax items:

- A gain of \$289 million or \$6.70 per share including interest, recorded as the result of the refunds generated from the settlement of the softwood lumber dispute;
- A gain of \$22 million or \$0.50 per share related to the sale of West Fraser's interest in the Burns Lake and Decker Lake sawmills and associated harvesting rights;
- An expense of \$4 million or \$0.08 per share related to share option compensation; and
- An expense of \$12 million or \$0.28 per share related to the translation of U.S. denominated debt.

¹Throughout this news release, reference is made to EBITDA (defined as operating earnings plus amortization of property, plant, equipment and timber, plus restructuring charges), which the Company considers to be a key performance indicator. EBITDA is not a generally accepted earnings measure and should not be considered as an alternative to earnings or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA, the Company's use of the term may not be directly comparable with similarly titled measures used by other companies.

Fourth quarter 2005 earnings reflect the following after-tax items:

- A gain of \$3 million or \$0.07 per share related to share option compensation;
- An expense of \$3 million or \$0.07 per share for costs related to the shutdown of a 50% owned sawmill in Red Earth, Alberta; and
- A gain of \$4 million or \$0.09 per share related to the recognition of prior years' scientific research and experimental development tax credits.

Operational Results

Lumber EBITDA for the quarter was \$388 million, including the \$387 million duty refund. EBITDA, excluding the duty refund, would have been \$1 million in the fourth quarter of 2006 compared to a loss of \$10 million in the third quarter of 2006. This improvement was due primarily to lower log costs in the quarter partially offset by lower lumber prices. In addition, from October 12, 2006, the Company's lumber shipments to the U.S. have been subject to a 15% export tax compared to an approximate 9% duty charge in the third quarter of 2006. Benchmark SPF 2X4 lumber prices averaged US \$245 per Mfbm in the quarter compared to US \$278 per Mfbm in the third quarter of 2006.

Lumber production was 910 MMfbm in the quarter compared to 1,060 MMfbm in the third quarter of 2006. The decline was due primarily to the sale of the Burns Lake and Decker Lake sawmills on October 31, 2006. In addition, the transition of production from the old Quesnel sawmill to the new Quesnel sawmill reduced production.

Panel operations generated EBITDA of \$5 million or 5% of sales in the quarter compared to \$16 million or 13% of sales in the previous quarter. This decline was the result of lower shipment volumes and higher production costs due primarily to lower production levels. The plywood operations had various operating issues which resulted in lower production. MDF production was lower in the quarter due to market driven product mix changes.

The Company's pulp and paper operations generated EBITDA of \$42 million or 16% of sales in the quarter compared to EBITDA of \$51 million or 18% of sales in the third quarter of 2006. This decline was due primarily to higher furnish and natural gas costs and reduced pulp production and shipment volumes.

New Quesnel Sawmill

The new sawmill in Quesnel, BC commenced operations at the end of October 2006. This state-of-the art mill has an annual capacity of 600 MMfbm and is expected to achieve operating capacity by the end of 2007.

U.S. Sawmill Acquisition

"West Fraser had a busy and exciting year in 2006 as the Company took steps to continue the expansion of its wood products business," said Hank Ketcham, Chairman, President and Chief Executive Officer. "In November, we entered into an agreement to purchase 13 sawmills for approximately US \$325 million. This acquisition is right on target with our objective of improving our geographic and product diversification and it is an important long-term strategic investment for our Company."

The acquisition is expected to close at the end of March 2007. The 13 sawmills to be acquired are located in North and South Carolina, Georgia, Florida, Alabama, Arkansas and Texas and employ approximately 2,200 people. In assessing the acquisition, West Fraser established US

\$23 million in annual pre-tax synergies as a target to be achieved by the end of the third year after closing. Synergies are expected to be achieved by implementing best practices and by centralizing U.S. sales and administrative offices.

Softwood Lumber Agreement

In October 2006, the Canadian and U.S. governments settled the recent softwood lumber dispute. "We believe the terms of settlement are deficient in a number of areas and we are discouraged that both the letter and intent of NAFTA were ignored by Canada's largest trading partner," said Hank Ketcham. "While the competitive landscape both within and outside of Canada has been significantly altered by this settlement, we believe that West Fraser's low-cost structure continues to provide us with an advantage."

Transportation Issues

On February 10, 2007, the union representing train conductors and certain yard workers for Canadian National Railway Company ("CN"), West Fraser's primary rail carrier, went on strike. CN has announced a plan to maintain service levels at 65% of normal levels for the duration of the strike. The Company's ability to deliver product to its customers is expected to be impacted throughout the strike, although it is too soon to determine the extent of the affect. In addition, the rail car supply to the Company's sawmills in early 2007 has been adversely affected due to rail service issues related to winter operating conditions. The rail car supply issues have led to an increase in lumber inventory in early 2007.

Dividends Declared

The Board of Directors of the Company has declared a quarterly dividend of \$0.14 per share on the Common shares and the Class B common shares in the capital of the Company, payable on April 5, 2007 to shareholders of record on March 23, 2007.

Annual Financial Statements and Management's Discussion & Analysis ("MD&A")

The Company's consolidated financial statements for the year ended December 31, 2006 and related MD&A can be obtained on the Company's web site: www.westfraser.com and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under the Company's profile.

Forward-Looking Statements

Some information contained in this release is prospective, such as statements about potential future developments, and may be affected by known or unknown risks and uncertainties, which are mostly outside the control of West Fraser. The results or outcomes of events mentioned in such prospective information may differ materially from actual results or outcomes. This prospective information and statements are not guaranteed by the Company and actual results and outcomes will depend on a number of factors including those described in the Company's MD&A under "Risks and Uncertainties." Readers should exercise caution in relying on such information and statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Conference Call

Investors are invited to listen to the quarterly conference call to be held on February 16, 2007 at 8:30 a.m. Pacific Standard Time by dialing 1-888-575-8232 (toll-free North America). The call may also be accessed through West Fraser's web site at www.westfraser.com.

Investor Conference

On February 23, 2007 at 8:00 a.m. Pacific Standard Time, the Company's management will make a presentation at the CIBC World Markets Investor Conference. The presentation can be viewed live on Webcast by accessing the following link: <http://events.startcast.com/events/118/B0013/code/eventframe.asp?part=1>

West Fraser is an integrated forest products company that produces lumber, wood chips, LVL, MDF, plywood, pulp, linerboard, kraft paper and newsprint. The Company has manufacturing operations in British Columbia, Alberta and the southern United States. West Fraser has approximately 6,900 employees and is headquartered in Vancouver, British Columbia.



West Fraser Timber Co. Ltd.

Consolidated Balance Sheets

(in millions of Canadian dollars - unaudited)

	As at December 31, 2006	As at December 31, 2005
Assets		
Current assets		
Cash and short-term investments	\$ 605.6	\$ 62.2
Accounts receivable	300.9	308.5
Inventories	531.9	572.0
Prepaid expenses	12.9	14.1
Current assets held for sale (note 3)	-	30.7
	1,451.3	987.5
Property, plant, equipment and timber	2,133.9	2,230.1
Deferred charges	41.8	27.1
Goodwill	263.7	263.7
Other assets (note 4)	127.7	61.6
Long-term assets held for sale (note 3)	-	63.7
	\$ 4,018.4	\$ 3,633.7
Liabilities and Shareholder's Equity		
Current liabilities		
Cheques issued in excess of funds on deposit	\$ -	\$ 43.9
Operating loans (note 5)	-	165.1
Accounts payable and accrued liabilities	468.4	333.1
Income taxes payable	178.9	4.6
Current portion of reforestation obligations	54.2	52.3
Current portion of long-term debt	128.3	4.5
Current liabilities held for sale (note 3)	-	13.6
	829.8	617.1
Long-term debt	499.6	623.9
Other liabilities	137.5	133.0
Future income taxes	312.4	377.6
Long-term liabilities held for sale (note 3)	-	16.2
	1,779.3	1,767.8
Shareholders' equity (note 7)	2,239.1	1,865.9
	\$ 4,018.4	\$ 3,633.7

Number of Common shares outstanding at February 14, 2007 was 42,773,813.



West Fraser Timber Co. Ltd.
Consolidated Statements of Earnings and Retained Earnings

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2006	2005	2006	2005
Sales	\$ 727.2	\$ 832.0	\$ 3,325.8	\$ 3,576.7
Costs and expenses				
Cost of products sold	516.8	547.0	2,296.1	2,321.8
Freight and other distribution costs	120.8	140.5	543.7	542.0
Export taxes	16.8	-	16.8	-
Amortization	68.6	64.4	251.9	255.4
Selling, general and administration	27.3	25.1	113.9	120.3
Share option expense (recovery)	5.3	(4.6)	(1.3)	(5.7)
Restructuring charge (note 8)	-	-	37.6	-
Duty (refund) expense (note 9)	(386.5)	28.9	(325.4)	151.4
	369.1	801.3	2,933.3	3,385.2
Operating earnings	358.1	30.7	392.5	191.5
Other				
Interest income on duty refund (note 9)	50.0	-	50.0	-
Interest expense - net	(6.9)	(10.1)	(37.6)	(48.4)
Exchange (loss) gain on long-term debt	(14.3)	-	(0.7)	13.9
Gain on sale of power purchase agreement (note 4)	-	-	61.8	-
Gain on assets held for sale (note 3)	21.5	-	21.7	-
Gain on timber take-back (note 10)	-	-	13.6	3.3
Other income (expense)	25.0	(4.0)	21.0	(8.9)
Earnings before income taxes and non-controlling interest	433.4	16.6	522.3	151.4
(Provision for) recovery of income taxes (note 11)	(137.3)	(7.9)	(123.9)	(42.3)
Earnings before non-controlling interest	296.1	8.7	398.4	109.1
Non-controlling interest	0.1	-	(0.4)	(1.4)
Earnings	\$ 296.2	\$ 8.7	\$ 398.0	\$ 107.7
Earnings per share (note 13)				
Basic	\$ 6.93	\$ 0.20	\$ 9.31	\$ 2.52
Diluted	\$ 6.87	\$ 0.20	\$ 9.23	\$ 2.49
Retained earnings				
Balance - beginning of period	\$ 1,352.7	\$ 1,266.2	\$ 1,268.8	\$ 1,185.1
Change in accounting policy (note 2)	(1.5)	-	(1.5)	-
Earnings	296.2	8.7	398.0	107.7
	1,647.4	1,274.9	1,665.3	1,292.8
Common share dividends	(6.1)	(6.1)	(24.0)	(24.0)
Balance - end of period	\$ 1,641.3	\$ 1,268.8	\$ 1,641.3	\$ 1,268.8



West Fraser Timber Co. Ltd.
Consolidated Statements of Cash Flows
(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2006	2005	2006	2005
Cash flows from operating activities				
Earnings	\$ 296.2	\$ 8.7	\$ 398.0	\$ 107.7
Items not affecting cash				
Amortization	68.6	64.4	251.9	255.4
Write down of pulp assets (note 8)	-	-	34.8	-
Exchange loss (gain) on long-term debt	14.3	-	0.7	(13.9)
Change in reforestation obligations	5.7	3.5	(6.3)	(2.1)
Change in other long-term liabilities	4.0	(68.4)	12.0	(67.1)
Change in deferred charges	(4.9)	10.4	(14.6)	9.1
Future income taxes	3.9	7.2	(59.0)	(24.3)
(Gain) loss on asset sales	(23.0)	2.2	(98.3)	(3.2)
Other	(0.8)	1.0	2.8	4.2
	364.0	29.0	522.0	265.8
Net change in non-cash working capital items	259.8	(45.0)	358.2	(236.1)
	623.8	(16.0)	880.2	29.7
Cash flows from financing activities				
Repayment of long-term debt	(0.6)	(0.3)	(1.2)	(249.3)
(Repayment of) net proceeds from operating loans	(65.3)	65.1	(165.1)	99.1
Common share dividends	(6.1)	(6.1)	(24.0)	(24.0)
Other	0.2	0.4	0.7	0.8
	(71.8)	59.1	(189.6)	(173.4)
Cash flows from investing activities				
Additions to property, plant, equipment and timber	(45.8)	(63.5)	(211.6)	(224.4)
Proceeds from disposal of property, plant, equipment and timber	4.2	(0.8)	37.0	22.6
Net proceeds from assets held for sale	80.8	-	81.4	-
Additions to power purchase agreement (note 4)	-	-	(17.5)	-
Decrease in other assets	3.6	14.1	7.4	14.2
	42.8	(50.2)	(103.3)	(187.6)
Increase (decrease) in cash *	594.8	(7.1)	587.3	(331.3)
Net cash - beginning of period	10.8	25.4	18.3	349.6
Net cash - end of period	\$ 605.6	\$ 18.3	\$ 605.6	\$ 18.3
Supplemental information:				
Interest paid	\$ 17.5	\$ 18.9	\$ 40.8	\$ 50.2
Income taxes paid	\$ 7.2	\$ 0.9	\$ 73.3	\$ 243.7

*Net cash consists of cash and short term investments, and cheques issued in excess of funds on deposit.



West Fraser Timber Co. Ltd.

Quarterly Comparisons

January 1 to December 31

(in millions of Canadian dollars - unaudited)

	2006	2005
Sales		
First	\$ 902.0	\$ 902.4
Second	887.9	952.8
Third	808.7	889.5
Fourth	727.2	832.0
	\$ 3,325.8	\$ 3,576.7
Earnings (loss)		
First	\$ 6.1	\$ 42.9
Second	103.8	38.0
Third	(8.1)	18.1
Fourth	296.2	8.7
	\$ 398.0	\$ 107.7
Diluted Earnings Per Share (in dollars)		
First	\$ 0.14	\$ 0.99
Second	\$ 2.41	\$ 0.88
Third	\$ (0.19)	\$ 0.42
Fourth	\$ 6.87	\$ 0.20
Annual	\$ 9.23	\$ 2.49

**West Fraser Timber Co. Ltd.****Fourth Quarter Segmented Information***(in millions of Canadian dollars - unaudited)*

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
October 1, 2006 to December 31, 2006					
Sales					
To external customers	\$ 358.4	\$ 102.1	\$ 266.7	\$ -	\$ 727.2
To other segments	21.4	1.8	-	-	-
	<u>\$ 379.8</u>	<u>\$ 103.9</u>	<u>\$ 266.7</u>	<u>\$ -</u>	
EBITDA¹	\$ 388.4	\$ 5.3	\$ 41.5	\$ (8.5)	\$ 426.7
Amortization	34.6	10.4	22.6	1.0	68.6
Operating earnings (loss)	353.8	(5.1)	18.9	(9.5)	358.1
Interest income (expense) - net	46.3	(1.3)	(2.1)	0.2	43.1
Exchange loss on long-term debt	-	-	-	(14.3)	(14.3)
Gain (loss) on sale of power purchase agreement	2.2	8.4	(10.6)	-	-
Gain on assets held for sale	21.5	-	-	-	21.5
Other income	9.3	0.2	0.1	15.4	25.0
Earnings (loss) before income taxes and non-controlling interest	<u>\$ 433.1</u>	<u>\$ 2.2</u>	<u>\$ 6.3</u>	<u>\$ (8.2)</u>	<u>\$ 433.4</u>

October 1, 2005 to December 31, 2005

Sales					
To external customers	\$ 443.1	\$ 120.0	\$ 268.9	\$ -	\$ 832.0
To other segments	21.7	2.2	-	-	-
	<u>\$ 464.8</u>	<u>\$ 122.2</u>	<u>\$ 268.9</u>	<u>\$ -</u>	
EBITDA¹	\$ 65.7	\$ 12.8	\$ 10.3	\$ 6.3	\$ 95.1
Amortization	30.7	11.0	21.8	0.9	64.4
Operating earnings (loss)	35.0	1.8	(11.5)	5.4	30.7
Interest income (expense) - net	(4.1)	0.3	(2.5)	(3.8)	(10.1)
Other income (expense)	(3.5)	(0.1)	0.4	(0.8)	(4.0)
Earnings (loss) before income taxes and non-controlling interest	<u>\$ 27.4</u>	<u>\$ 2.0</u>	<u>\$ (13.6)</u>	<u>\$ 0.8</u>	<u>\$ 16.6</u>

¹ Non GAAP measure:

EBITDA is defined as operating earnings plus amortization of property, plant, equipment and timber plus restructuring charge.



West Fraser Timber Co. Ltd.
Twelve Month Segmented Information
(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2006 to December 31, 2006					
Sales					
To external customers	\$ 1,755.6	\$ 475.1	\$ 1,095.1	\$ -	\$ 3,325.8
To other segments	83.4	7.6	-	-	-
	<u>\$ 1,839.0</u>	<u>\$ 482.7</u>	<u>\$ 1,095.1</u>	<u>\$ -</u>	
EBITDA¹	\$ 518.0	\$ 52.8	\$ 122.8	\$ (11.6)	\$ 682.0
Amortization	117.6	39.7	91.0	3.6	251.9
Restructuring charge	-	-	37.6	-	37.6
Operating earnings (loss)	<u>400.4</u>	<u>13.1</u>	<u>(5.8)</u>	<u>(15.2)</u>	<u>392.5</u>
Interest income (expense) - net	29.5	(6.3)	(11.0)	0.2	12.4
Exchange loss on long-term debt	-	-	-	(0.7)	(0.7)
Gain on sale of power purchase agreement	2.2	8.4	51.2	-	61.8
Gain on assets held for sale	21.7	-	-	-	21.7
Gain on timber take-back	13.6	-	-	-	13.6
Other income (expense)	13.8	0.4	(0.2)	7.0	21.0
Earnings (loss) before income taxes and non-controlling interest	<u>\$ 481.2</u>	<u>\$ 15.6</u>	<u>\$ 34.2</u>	<u>\$ (8.7)</u>	<u>\$ 522.3</u>

January 1, 2005 to December 31, 2005

Sales					
To external customers	\$ 2,020.9	\$ 511.0	\$ 1,044.8	\$ -	\$ 3,576.7
To other segments	86.0	5.0	-	-	-
	<u>\$ 2,106.9</u>	<u>\$ 516.0</u>	<u>\$ 1,044.8</u>	<u>\$ -</u>	
EBITDA¹	\$ 327.8	\$ 65.4	\$ 62.2	\$ (8.5)	\$ 446.9
Amortization	121.9	38.1	92.5	2.9	255.4
Operating earnings (loss)	<u>205.9</u>	<u>27.3</u>	<u>(30.3)</u>	<u>(11.4)</u>	<u>191.5</u>
Interest expense - net	(28.0)	(9.1)	(10.1)	(1.2)	(48.4)
Exchange gain on long-term debt	-	-	-	13.9	13.9
Gain on timber take-back	3.3	-	-	-	3.3
Other income (expense)	(0.4)	(0.4)	0.8	(8.9)	(8.9)
Earnings (loss) before income taxes and non-controlling interest	<u>\$ 180.8</u>	<u>\$ 17.8</u>	<u>\$ (39.6)</u>	<u>\$ (7.6)</u>	<u>\$ 151.4</u>

¹ Non GAAP measure:

EBITDA is defined as operating earnings plus amortization of property, plant, equipment and timber plus restructuring charge.

**West Fraser Timber Co. Ltd.****Fourth Quarter Operating Highlights**

		October 1 to December 31		January 1 to December 31	
		2006	2005	2006	2005
Lumber	Production (Mfbm)	910,384	1,011,107	4,185,929	4,212,267
	Shipments (Mfbm)	1,000,146	1,004,135	4,275,374	4,189,626
Panels					
MDF	Production (Msf - 3/4")	66,813	74,616	288,279	294,327
	Shipments (Msf - 3/4")	55,362	74,246	280,979	289,845
Plywood	Production (Msf - 3/8")	171,512	175,510	728,257	721,130
	Shipments (Msf - 3/8")	162,754	161,876	721,190	713,014
LVL	Production (cf)	654,755	737,093	3,000,203	3,178,813
	Shipments (cf)	525,776	733,235	2,710,243	3,133,609
Pulp & Paper (tonnes)					
Linerboard and Kraft paper	Production	117,058	113,399	459,215	449,176
	Shipments	113,895	119,941	466,948	457,907
NBSK Pulp	Production	141,427	153,437	543,133	580,894
	Shipments	135,786	149,412	564,593	570,306
BCTMP Pulp	Production	137,531	136,479	561,446	552,074
	Shipments	107,669	164,915	571,529	549,861
Newsprint	Production	30,933	29,254	125,164	129,840
	Shipments	29,292	29,098	123,008	128,510

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(figures are in millions of dollars except where indicated - unaudited)

1. Basis of presentation

These interim consolidated financial statements should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2006. These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2006 consolidated annual financial statements.

2. Change in accounting policy

Effective December 31, 2006 the Company adopted the new provision of the Emerging Issue Committee pronouncement No.162 for share-based compensation for directors, officers and employees eligible to retire before the vesting date. Compensation expense is now recognized over the earlier of the normal vesting period or the period from the grant date to the date the employee becomes eligible to retire. Pursuant to the transition provision, the company recorded an adjustment of \$1.5 million (net of tax of \$0.8 million) to opening 2006 retained earnings for the cumulative effect on prior years arising from this change in accounting policy. The Company has not restated earnings of any prior period as a result of adopting this accounting change as the Company has concluded that such an impact is not material. The fiscal 2006 income statement effect of adopting this change in policy was an increase in earnings of \$1.6 million (net of tax of \$0.8 million).

3. Assets held for sale

The Company sold its interest in two sawmills and the related timber harvesting rights in the fourth quarter for net proceeds of \$79.2 million, resulting in a gain of \$21.5 million. The Company also sold road maintenance and logging operations located in Hinton, Alberta for proceeds of \$2.2 million, resulting in a gain of \$0.2 million.

The results of operations from these assets to the sale dates are included in earnings. Effective January 1, 2006, amortization was discontinued on the assets held for sale.

4. Other assets

	December 31, 2006	December 31, 2005
Power purchase agreements - net	\$ 102.4	\$ 28.7
Investments	10.7	15.8
Advances for timber and timber deposits	14.6	17.1
	<u>\$ 127.7</u>	<u>\$ 61.6</u>

Power purchase agreements

Effective January 1, 2001, the Company entered into two power purchase agreements to acquire a portion of the electricity generated from two power plants in Alberta, at substantially predetermined prices. The Company sells the electricity acquired under the power purchase agreement at prevailing market prices. At the same time, the Company's Alberta operations purchase electricity at prevailing market prices. Effective May 1, 2006, the Company sold its interest in one of the agreements for proceeds of \$68.2 million while concurrently acquiring a greater interest in the remaining agreement for \$85.7 million. The transactions were accounted for as a sale and purchase respectively, resulting in a gain of \$61.8 million. Following the transactions, the Company's share of electricity generated was approximately 120 megawatts for 2006 and is expected to be 115 megawatts per year for the period 2007 to 2020. The power purchase agreements are amortized over the life of the agreement.

5. Operating loans

The Company has approximately \$516.7 million in revolving lines of credit available, none of which was drawn as at December 31, 2006. Interest is payable at floating rates based on Prime, US base, Bankers' Acceptances or LIBOR at the Company's option. The Company has also issued \$14.9 million under various letters of credit.

6. Other liabilities

	December 31, 2006	December 31, 2005
Post-retirement obligations	\$ 54.0	\$ 44.2
Timber damage deposits	14.6	10.9
Reforestation obligations - long-term	60.1	68.2
Other asset retirement obligations	8.8	9.7
	\$ 137.5	\$ 133.0

7. Shareholders' equity

	December 31, 2006		December 31, 2005	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	37,886,731	\$ 597.6	37,871,786	\$ 597.0
Class B common	4,885,206	0.5	4,885,206	0.5
Total Common	42,771,937	598.1	42,756,992	597.5
Retained earnings		1,641.3		1,268.8
Share purchase loans		(0.3)		(0.4)
Shareholders' equity		\$2,239.1		\$ 1,865.9

Common shares

For the three months ended December 31, 2006, the Company issued 5,006 Common shares for cash of \$0.1 million (for the twelve months ended December 31, 2006 the Company issued 14,945 Common shares for cash of \$0.6 million).

8. Restructuring charge

In the first quarter of 2006, the Company expensed \$37.6 million related to a restructuring of the pulp mill in Hinton, Alberta. Of this amount, \$34.8 million was for the writedown of property, plant, equipment and timber with the balance for other restructuring costs.

9. Countervailing and antidumping duties

On October 12, 2006, the Softwood Lumber Agreement (“SLA 2006”) between the Canadian and U.S. governments came into effect. The terms include replacing the then existing countervailing and antidumping duties with a Canadian-imposed export tax, or a combination of a lower tax and quota, both of which may vary based on the price of lumber and the volume of shipments to the United States. The agreement required both parties to withdraw all litigation and the U.S. industry to waive their rights to file another case while the agreement is in effect. The SLA 2006 required the U.S. government to refund with interest, all duties collected. The Company’s share of the US \$1 billion to be paid to the U.S. government under the SLA 2006 is funded by a special charge of 18.06% on duties and interest up to October 12, 2006. The following amounts have been recorded in the financial statements related to duties and the SLA 2006:

	2006	2005
Duties and interest included in accounts receivable	\$ 2.7	-
Special charge included in accounts payable	\$ 122.4	-
Duties expensed prior to the SLA 2006 coming into effect	\$ 61.4	\$151.4
Duty refund recorded in income - net of related special charge	\$(386.8)	-
Duty (refund) expense	\$(325.4)	\$151.4
Interest income	\$ (50.0)	-

The special charge payable includes amounts payable related to pre-2005 duties paid to International Paper under the terms of the agreement under which the Company acquired Weldwood of Canada Limited.

10. The Forestry Revitalization Plan (“FRP”)

In 2003, the Government of B.C. (“Crown”) enacted the FRP which provided for changes to Crown forest policy and to the allocation of Crown timber tenures to licensees. The harvesting rights associated with replaceable tenures in excess of certain annual volumes were reduced by 20% and assets, such as roads and bridges in the affected areas, were also expropriated. The effect of the timber take-back was a reduction of approximately 1,275,000 m³ of the Company’s existing allowable annual cut on replaceable tenures. The Company has received \$30.7 million for the tenure reduction and certain related assets resulting in a gain of \$13.6 million.

11. Income taxes

The Company's effective tax rate is as follows:

	October 1 to December 31, 2006		October 1 to December 31, 2005	
	Amount	%	Amount	%
Income taxes at statutory rates	\$ (147.8)	(34.1)	\$ (5.7)	(34.9)
Large corporations tax	-	-	(1.2)	(7.2)
Non – taxable amounts	7.5	1.7	(6.2)	(37.6)
Rate differentials between jurisdictions and on specified activities	4.5	1.0	3.4	20.7
Benefit of losses not previously recognized	3.1	0.7	2.5	15.2
Other	(4.6)	(1.0)	(0.7)	(4.1)
Income tax expense	\$ (137.3)	(31.7)	\$ (7.9)	(47.9)

	January 1 to December 31, 2006		January 1 to December 31, 2005	
	Amount	%	Amount	%
Income taxes at statutory rates	\$ (178.1)	(34.1)	\$ (52.3)	(34.9)
Large corporations tax	-	-	(3.5)	(2.3)
Non – taxable amounts	20.6	4.0	(4.5)	(3.0)
Rate differentials between jurisdictions and on specified activities	8.7	1.6	8.8	5.9
Reductions in statutory income tax rates	33.1	6.4	9.5	6.4
Benefit of losses not previously recognized	3.1	0.6	2.5	1.6
Other	(11.3)	(2.2)	(2.8)	(1.9)
Income tax expense	\$ (123.9)	(23.7)	\$ (42.3)	(28.2)

12. Employee future benefits

The total benefit cost of the Company's defined benefit pension plans was \$10.6 million for the three months ended December 31, 2006 (three months ended December 31, 2005 - \$3.7 million) and \$28.4 million for the twelve months ended December 31, 2006 (twelve months ended December 31, 2005 - \$26.6 million).

13. Earnings per share

Basic earnings per share is 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 exercise of share options using the treasury stock method.

	October 1 to December 31		January 1 to December 31	
	2006	2005	2006	2005
Earnings	\$ 296.2	\$ 8.7	\$ 398.0	\$ 107.7
Weighted average number of shares (thousands)				
Weighted average shares – basic	42,757	42,731	42,751	42,731
Share options – treasury stock method	356	478	376	556
Weighted average shares - diluted	43,113	43,209	43,127	43,287
Earnings per share (dollars)				
Basic	\$ 6.93	\$ 0.20	\$ 9.31	\$ 2.52
Diluted	\$ 6.87	\$ 0.20	\$ 9.23	\$ 2.49

For the use of CANADA NEWS WIRE SERVICE only

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

For more information:

Mr. Martti Solin, Executive Vice-President, Finance and Chief Financial Officer

Mr. Rodger Hutchinson, Vice-President, Corporate Controller

(604) 895-2700

www.westfraser.com