



West Fraser Timber Co. Ltd

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**NEWS RELEASE
WEST FRASER TIMBER CO. LTD.
("WFT")
2004-4th Quarter and Annual Results
Tuesday, February 15, 2005**

**West Fraser Reports
4th Quarter earnings of \$41 million or \$0.94 per share**

Attention: Business & Financial Editors
Financial Analysts

Vancouver, B.C. - **West Fraser Timber Co. Ltd.** announced fourth quarter earnings of \$41 million or \$0.94 per share on sales of \$552 million compared to earnings of \$34 million or \$0.92 per share on sales of \$467 million in the fourth quarter of 2003. For the year 2004 earnings were \$212 million or \$5.36 per share on sales of \$2,400 million. This compares to earnings of \$43 million or \$1.16 per share on sales of \$1,921 million in 2003.

Results for the fourth quarter included a \$23 million gain on translation of long-term debt, or \$0.52 per share, (2003 - \$7 million gain) and for the year included a gain of \$27 million, or \$0.67 per share, (2003 - \$41 million gain). All amounts described as per share are on a fully diluted basis.

EBITDA¹ was \$74 million or 13% of sales for the fourth quarter and \$442 million or 18% of sales for the year. This compares to \$68 million or 15% of sales and \$151 million or 8% of sales in the corresponding periods in 2003.

Operational Results

Lumber EBITDA for the quarter, after accounting for duties, was \$55 million or 17% of sales compared to \$41 million or 14% of sales in the fourth quarter of 2003. Housing starts in the United States were strong throughout the quarter. Benchmark 2X4 lumber prices averaged US\$336 per Mfbm for the quarter compared to the third quarter 2004 average of US \$438 per Mfbm and the 2003 fourth quarter average of \$299 per Mfbm. Southern Yellow Pine 2X4 prices averaged US\$395 per Mfbm for the quarter compared to US\$404 per Mfbm for the third quarter and US\$402 per Mfbm for the fourth quarter of 2003. Production remained strong for the quarter, resulting in an annual lumber production record for West Fraser.

¹ EBITDA is a non-GAAP measure which is defined as operating earnings plus amortization

Commenting on the Company's performance, Hank Ketcham, West Fraser's Chairman, President and CEO said, "Our lumber operations continue to improve efficiency and lower costs. This focus is essential in our current environment of a strong Canadian dollar and potentially lower housing starts in the U.S., which may result from rising interest rates."

The panel operations generated EBITDA of \$15 million or 23% of sales in the quarter compared to \$11 million or 19% of sales in the comparable quarter of 2003. Plywood prices weakened slightly in the fourth quarter of 2004 but were high relative to historical norms. MDF prices were lower than the previous quarter but overall prices were higher than last year. MDF operating results for the quarter included a write-off of previously capitalized pre-production costs of \$7.0 million.

West Fraser's pulp and paper operations generated EBITDA of \$0.3 million or 0.2% of sales for the quarter compared to \$16 million or 12% of sales in the comparable quarter of 2003.

"The year 2004 was one of tremendous achievement for West Fraser," said Ketcham. "We reported record production at most facilities which contributed positively to sales and earnings. We continued to improve the efficiency of our facilities through carefully planned and well-executed capital expenditures. We strengthened our competitive position and built a solid platform for growth by acquiring Weldwood of Canada Limited."

Weldwood Acquisition

West Fraser completed the previously-announced acquisition of Weldwood of Canada Limited from International Paper Company on December 31, 2004. The amount paid at closing was \$1,405 million. The net purchase price, after taking into account the approximately \$306 million of cash held by Weldwood when it was acquired by West Fraser, estimated restructuring costs, non-financing related transaction expenses and a closing adjustment in West Fraser's favour, was \$1,124 million. Further adjustments to the purchase price will be made in 2005 as actual integration costs and other items become known.

The purchase price was financed from the net proceeds of a Subscription Receipts offering (\$267 million), a U.S. dollar offering of 5.2% 10-year notes (\$361 million), a Canadian public offering of 4.94% 5-year debentures (\$150 million), syndicated bank loans (\$160 million) and cash on hand of West Fraser at closing (\$492 million). On December 31, 2004, after the closing of the Weldwood acquisition, West Fraser had a net debt to total capitalization ratio of 25% and cash on hand of \$350 million, the result of solid earnings and a well-balanced financing.

The 5,852,000 Subscription Receipts, which were issued at \$47 each in August 2004, were converted into an equal number of West Fraser Common shares at closing and holders also received a cash payment equal to the dividends paid on Common shares during the period that the Subscription Receipts were outstanding. On January 1, 2005 Weldwood was amalgamated with West Fraser Mills Ltd., the Company's principal operating subsidiary. Immediately after closing, \$60 million of the bank debt was repaid.

The purchase price has been allocated to the underlying Weldwood assets and will be amortized over the remaining useful life of such assets, including timber harvesting rights amortized over 40 years. The portion of the purchase price allocated to goodwill of approximately \$277 million will not be amortized.

Before the closing, West Fraser entered into a Consent Agreement with the Canadian Competition Commissioner under which West Fraser agreed to divest its 90% interest in sawmills located in Burns Lake and Decker Lake, B.C. and related timber harvesting rights. On February 3, 2005, the Burns Lake Native Development Corporation, which holds the remaining 10% interest, filed an application with the Competition Tribunal to have the Consent Agreement rescinded or varied. At this time it is not possible to predict the outcome of such application with any certainty.

West Fraser has ongoing obligations to make additional payments to International Paper if the market price of NBSK pulp exceeds certain thresholds during the period ending June 30, 2007 (which payments may not exceed \$50 million in total) or if softwood lumber duties paid by Weldwood before the closing of the transaction are refunded. International Paper has also agreed to purchase from West Fraser 170,000 metric tonnes of NBSK pulp annually on market terms over a 10-year term.

"When the Weldwood acquisition was announced the Company projected achieving \$80 million in annual pre-tax synergies by the end of the third year from the transaction's close," stated Ketcham. "We remain confident that we will achieve this target."

Lumber Trade Dispute

West Fraser accrued \$156 million in 2004 (2003 - \$112 million), on account of the trade duties, of which \$31 million (2003 - \$32 million) was accrued in the fourth quarter. The Company continues to support efforts for a fair settlement but, lacking such settlement, believes that appeals to NAFTA and WTO will ultimately be successful.

Dividends Declared

The Board of Directors declared a regular cash dividend of \$0.14 per share payable on April 11, 2005 to shareholders of record on March 21, 2005.

Conference Call

Investors are invited to listen to the quarterly conference call to be held Tuesday, February 15, 2005 at 2:00 p.m. Pacific Time by dialing in at 1-800-387-6216. The call may also be accessed through West Fraser's website at www.westfraser.com.

Investor Conference

On February 17, 2005 at 10:30 a.m. Pacific Time Martti Solin, West Fraser's Executive Vice-President, Finance and CFO will make a presentation at the CIBC World Markets Investor Conference. The presentation can be viewed live on Webcast. The following is the production link:

<http://events.onlinebroadcasting.com/cibcworldmarkets/021705/directlinks.php>

West Fraser is an integrated forest products company that produces lumber, laminated veneer lumber, medium density fibreboard, plywood, pulp, linerboard, kraft paper and newsprint. The Company has manufacturing operations in British Columbia, Alberta and the southern United States. West Fraser is headquartered in Vancouver, British Columbia.

Forward Looking Statements

Some information contained in this release is prospective and may be affected by known or unknown risks and uncertainties, which are mostly outside the control of West Fraser. The results or events mentioned in such prospective information may differ substantially from actual results or events.



CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2004	2003	2004	2003
<u>EARNINGS</u>				
Sales (note 2)	\$ 552.4	\$ 466.8	\$ 2,400.0	\$ 1,920.6
Costs and expenses				
Cost of products sold	346.5	279.5	1,359.6	1,287.7
Freight and other distribution costs	88.2	73.8	346.3	300.5
Countervailing and antidumping duties	30.8	31.6	155.6	112.0
Amortization	46.9	35.9	153.9	142.3
Selling, general and administration	18.1	13.8	71.9	60.2
Share option expense	(4.7)	0.4	25.1	8.9
	<u>525.8</u>	<u>435.0</u>	<u>2,112.4</u>	<u>1,911.6</u>
Operating earnings	26.6	31.8	287.6	9.0
Other				
Interest expense - net	(4.7)	(3.9)	(16.0)	(16.9)
Exchange gain on long-term debt	22.6	7.2	26.6	40.8
Other income (expense)	(3.2)	5.6	(1.4)	3.3
	<u>41.3</u>	<u>40.7</u>	<u>296.8</u>	<u>36.2</u>
Earnings before income taxes	41.3	40.7	296.8	36.2
Income tax recovery (expense)	(0.7)	(6.4)	(84.8)	6.9
	<u>40.6</u>	<u>34.3</u>	<u>212.0</u>	<u>43.1</u>
Earnings	\$ 40.6	\$ 34.3	\$ 212.0	\$ 43.1
Earnings per share (note 6)				
Basic	\$ 1.10	\$ 0.93	\$ 5.75	\$ 1.17
Diluted	\$ 0.94	\$ 0.92	\$ 5.36	\$ 1.16
<u>RETAINED EARNINGS</u>				
Balance - beginning of period as previously reported	\$ 1,149.7	\$ 964.7	\$ 993.8	\$ 964.2
Cumulative effect of change in accounting policy (note 2)	-	-	-	7.1
Balance - beginning of period as restated	<u>1,149.7</u>	<u>964.7</u>	<u>993.8</u>	<u>971.3</u>
Earnings	<u>40.6</u>	<u>34.3</u>	<u>212.0</u>	<u>43.1</u>
	<u>1,190.3</u>	<u>999.0</u>	<u>1,205.8</u>	<u>1,014.4</u>
Common share dividends	(5.2)	(5.2)	(20.7)	(20.6)
Balance - end of period	\$ 1,185.1	\$ 993.8	\$ 1,185.1	\$ 993.8



CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2004	2003	2004	2003
Cash Flows From Operating Activities				
Earnings	\$ 40.6	\$ 34.3	\$ 212.0	\$ 43.1
Items not affecting cash				
Amortization	46.9	35.9	153.9	142.3
Exchange gain on long-term debt	(22.6)	(7.2)	(26.6)	(40.8)
Change in reforestation obligation	(5.6)	3.7	(11.0)	6.0
Change in other long-term liabilities	(3.3)	(8.1)	(3.8)	(7.2)
Future income taxes	(8.8)	(0.3)	(25.4)	(15.2)
Gain on asset sales	(6.2)	(9.3)	(6.5)	(12.5)
Other	(11.4)	2.2	(13.0)	3.9
	29.6	51.2	279.6	119.6
Net change in non-cash working capital items	46.3	(27.3)	115.5	32.1
	75.9	23.9	395.1	151.7
Cash Flows From Financing Activities				
Repayment of long-term debt	-	-	(13.3)	(16.8)
Proceeds from long-term debt	625.8	-	625.8	-
Proceeds from operating loan	66.0	-	66.0	-
Dividends	(5.2)	(5.2)	(20.7)	(20.6)
Issuance of Common shares (note 5)	1.5	0.1	268.7	0.7
Other	(0.5)	-	0.3	-
	687.6	(5.1)	926.8	(36.7)
Cash Flows From Investing Activities				
Additions to property, plant, equipment and timber	(41.4)	(22.8)	(140.1)	(79.3)
Proceeds from disposal of property, plant, equipment & timber	23.9	4.4	27.7	17.6
Acquisitions - net of cash acquired (note 3)	(1,123.9)	-	(1,123.9)	(6.2)
Change in restricted cash	275.0	-	-	-
(Increase) decrease in other assets	7.0	2.9	(1.9)	(5.0)
Proceeds from disposal of other assets	-	30.9	-	30.9
	(859.4)	15.4	(1,238.2)	(42.0)
Increase in cash and short-term investments	(95.9)	34.2	83.7	73.0
Cash and short-term investments - beginning of period	445.5	231.7	265.9	192.9
Cash and short-term investments - end of period	\$ 349.6	\$ 265.9	\$ 349.6	\$ 265.9
Interest paid	\$ 5.9	\$ 4.8	\$ 23.3	\$ 24.1
Income taxes paid	\$ 9.4	\$ 8.7	\$ 35.6	\$ 57.3



CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars - unaudited)

	As at December 31, 2004	As at December 31, 2003
ASSETS		
Current assets		
Cash and short-term investments	\$ 349.6	\$ 265.9
Accounts receivable	296.2	140.3
Income tax receivable	-	17.7
Inventories	541.2	322.3
Prepaid expenses	22.8	9.2
	1,209.8	755.4
Property, plant, equipment and timber	2,337.0	1,245.7
Deferred charges	36.3	21.3
Goodwill	276.7	-
Other assets	67.6	64.3
	\$ 3,927.4	\$ 2,086.7

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable and accrued liabilities	\$ 392.1	\$ 186.2
Income taxes payable	147.3	-
Current portion of reforestation obligation	50.4	30.8
Bank operating loan	66.0	-
Current portion of long-term debt	150.2	13.0
	806.0	230.0
Long-term debt	735.5	287.0
Reforestation obligation	70.6	50.7
Other liabilities	118.6	8.1
Future income taxes	409.6	189.7
Non-controlling interest	5.6	-
	2,145.9	765.5
Shareholders' equity (note 5)	1,781.5	1,321.2
	\$ 3,927.4	\$ 2,086.7

Number of Common shares outstanding at February 14, 2005 was 42,746,144

QUARTERLY COMPARISONS

January 1 to December 31

(in millions of Canadian dollars - unaudited)

	2004	2003
Sales		
First	\$ 541.1	\$ 486.1
Second	606.5	483.7
Third	700.0	484.0
Fourth	552.4	466.8
	\$ 2,400.0	\$ 1,920.6
Earnings		
First	\$ 26.5	\$ 10.9
Second	66.9	(5.2)
Third	78.0	3.1
Fourth	40.6	34.3
	\$ 212.0	\$ 43.1
Diluted Earnings Per Share (in dollars)		
First	\$ 0.71	\$ 0.29
Second	\$ 1.79	\$ (0.14)
Third	\$ 1.95	\$ 0.09
Fourth	\$ 0.94	\$ 0.92
Annual	\$ 5.36	\$ 1.16



FOURTH QUARTER SEGMENTED INFORMATION

(in millions of Canadian dollars - unaudited)

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
October 1, 2004 to December 31, 2004					
Sales					
To external customers	\$ 325.7	\$ 65.6	\$ 161.1		\$ 552.4
To other segments	9.3				
	<u>\$ 335.0</u>	<u>\$ 65.6</u>	<u>\$ 161.1</u>	<u>-</u>	
EBITDA¹	\$ 55.4	\$ 15.4	\$ 0.3	\$ 2.4	\$ 73.5
Amortization	<u>17.9</u>	<u>12.1</u>	<u>16.2</u>	<u>0.7</u>	<u>46.9</u>
Operating earnings (loss)	37.5	3.3	(15.9)	1.7	26.6
Interest expense	(1.5)	(0.1)	(0.9)	(2.2)	(4.7)
Exchange gain on long-term debt	-	-	-	22.6	22.6
Other income (expense)	(0.3)	(0.1)	0.9	(3.7)	(3.2)
Earnings (loss) before income taxes	<u>\$ 35.7</u>	<u>\$ 3.1</u>	<u>\$ (15.9)</u>	<u>\$ 18.4</u>	<u>\$ 41.3</u>
October 1, 2003 to December 31, 2003					
Sales					
To external customers	\$ 276.8	\$ 56.9	\$ 133.1		\$ 466.8
To other segments	16.4				
	<u>\$ 293.2</u>	<u>\$ 56.9</u>	<u>\$ 133.1</u>	<u>-</u>	
EBITDA¹	\$ 40.8	\$ 11.0	\$ 15.7	\$ 0.2	\$ 67.7
Amortization	<u>14.8</u>	<u>6.1</u>	<u>14.9</u>	<u>0.1</u>	<u>35.9</u>
Operating earnings	26.0	4.9	0.8	0.1	31.8
Interest expense	(2.2)	(0.5)	(1.5)	0.3	(3.9)
Exchange gain on long-term debt	-	-	-	7.2	7.2
Other income	-	0.1	0.1	5.4	5.6
Earnings (loss) before income taxes	<u>\$ 23.8</u>	<u>\$ 4.5</u>	<u>\$ (0.6)</u>	<u>\$ 13.0</u>	<u>\$ 40.7</u>

¹ Non GAAP measure:

EBITDA is defined as operating earnings plus amortization.

**SEGMENTED INFORMATION***(in millions of Canadian dollars - unaudited)*

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2004 to December 31, 2004					
Sales					
To external customers	\$ 1,474.9	\$ 284.5	\$ 640.6		\$ 2,400.0
To other segments	48.5				
	<u>\$ 1,523.4</u>	<u>\$ 284.5</u>	<u>\$ 640.6</u>	<u>-</u>	
EBITDA¹	\$ 361.0	\$ 74.2	\$ 44.8	\$ (38.5)	\$ 441.5
Amortization	<u>63.2</u>	<u>29.4</u>	<u>59.4</u>	<u>1.9</u>	<u>153.9</u>
Operating earnings (loss)	297.8	44.8	(14.6)	(40.4)	287.6
Interest expense	(8.1)	(1.0)	(4.6)	(2.3)	(16.0)
Exchange gain on long-term debt	-	-	-	26.6	26.6
Other income (expense)	0.6	(0.1)	0.1	(2.0)	(1.4)
Earnings (loss) before income taxes	<u>\$ 290.3</u>	<u>\$ 43.7</u>	<u>\$ (19.1)</u>	<u>\$ (18.1)</u>	<u>\$ 296.8</u>
January 1, 2003 to December 31, 2003					
Sales					
To external customers	\$ 1,141.0	\$ 229.7	\$ 549.9		\$ 1,920.6
To other segments	35.6				
	<u>\$ 1,176.6</u>	<u>\$ 229.7</u>	<u>\$ 549.9</u>	<u>-</u>	
EBITDA¹	\$ 98.9	\$ 36.9	\$ 26.9	\$ (11.4)	\$ 151.3
Amortization	<u>59.4</u>	<u>24.3</u>	<u>56.8</u>	<u>1.8</u>	<u>142.3</u>
Operating earnings (loss)	39.5	12.6	(29.9)	(13.2)	9.0
Interest expense	(8.4)	(1.9)	(6.2)	(0.4)	(16.9)
Exchange gain on long-term debt	-	-	-	40.8	40.8
Other income (expense)	7.3	0.1	0.1	(4.2)	3.3
Earnings (loss) before income taxes	<u>\$ 38.4</u>	<u>\$ 10.8</u>	<u>\$ (36.0)</u>	<u>\$ 23.0</u>	<u>\$ 36.2</u>

1 Non GAAP measure:

EBITDA is defined as operating earnings plus amortization.



FOURTH QUARTER OPERATING HIGHLIGHTS

		October 1 to December 31		January 1 to December 31	
		2004	2003	2004	2003
Lumber	Production (Mfbm)	663,841	641,275	2,771,630	2,593,611
	Shipments (Mfbm)	742,308	666,012	2,733,627	2,617,235
Panels					
MDF	Production (Msf - 3/4")	73,957	67,612	285,432	261,366
	Shipments (Msf - 3/4")	72,186	64,051	288,272	262,824
Plywood	Production (Msf - 3/8")	57,774	61,201	249,188	248,225
	Shipments (Msf - 3/8")	55,772	52,217	256,021	237,037
Pulp & Paper (tonnes)					
Linerboard and Kraft paper	Production	117,268	114,885	445,871	279,562
	Shipments	117,203	74,250	444,553	290,536
Pulp	Production	130,129	133,501	521,707	523,027
	Shipments	138,870	127,517	494,519	512,492
Newsprint	Production	32,450	32,872	134,731	127,317
	Shipments	32,590	32,682	133,843	126,178

NOTES TO INTERIM FINANCIAL STATEMENTS

(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, 2003.

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 AND CHANGE IN PRESENTATION

Asset Retirement Obligations

Effective January 1, 2004, the company adopted the new accounting requirements for asset retirement obligations. Under the new requirements, the company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and amortized over the expected useful life of the asset. This requirement changed the company's accounting for landfill closure costs and reforestation liabilities.

Accordingly, the company retroactively adjusted the carrying value of liabilities, previously reported on an undiscounted basis, for reforestation and certain landfill closure costs and recorded liabilities and the associated assets for landfill closure costs not previously accrued. The net increase to property, plant, equipment and timber at January 1, 2004 was \$0.9, the net decrease to liabilities was \$11.3, the decrease to inventory was \$1.9 and the impact on January 1, 2003 opening retained earnings (net of tax of \$3.2) was \$7.1. The cumulative effect of adopting these accounting requirements was not material to the company's results of operations and the impact was included in costs and expenses in 2004.

Presentation

The company has presented freight and other distribution costs and countervailing and antidumping duties as part of costs and expenses in the statements of earnings and reclassified the prior period's presentation accordingly. Previously these expenses were recorded as a reduction of gross sales in accordance with industry practice.

3. ACQUISITIONS

2004

On December 31, 2004, the company acquired the only issued share of Weldwood of Canada Limited ("Weldwood") for net cash consideration of \$1,123.9. The terms of the transaction also provide that the seller is entitled to the net after-tax value of any refunds of softwood lumber duties paid by Weldwood before December 31, 2004 and to further cash

(figures are in millions of dollars except where indicated)

consideration, not to exceed \$50.0 in aggregate, if the average market price of NBSK pulp per tonne exceeds the greater of US\$710 and Cdn \$950 during any quarter ending on or before June 30, 2007. Weldwood was amalgamated with West Fraser Mills Ltd., the company's principal operating subsidiary, effective January 1, 2005.

The business acquired consists of four wholly owned sawmills (one containing a wood treating facility), three partly owned sawmills (one containing a wood treating facility), two plywood plants, one laminated veneer lumber facility, one wholly owned and one partially owned NBSK pulp mill, and 5 million cubic meters of allowable annual cut. These facilities are at various locations in British Columbia and Alberta.

The acquisition has been accounted for using the purchase method, whereby the purchase consideration was allocated to the estimated fair values of the assets acquired and liabilities assumed at the effective date of the purchase. The company has not yet finalized the allocation of the purchase cost for the acquisition. The preliminary allocation of the purchase cost is based on management's best estimate and information available at the time of preparing these consolidated financial statements and any changes may be material.

Net assets acquired	\$	1,430.4
Less: Cash acquired		<u>(306.5)</u>
Net non-cash assets acquired	\$	<u>1,123.9</u>
Preliminary allocation:		
Current assets	\$	352.3
Current liabilities		(219.8)
Property, plant and equipment		690.6
Timber		432.3
Goodwill		276.7
Other assets - net		1.7
Reforestation obligation		(50.5)
Employee future benefits		(108.6)
Future income taxes		(245.2)
Non-controlling interest		<u>(5.6)</u>
Net cash consideration	\$	<u>1,123.9</u>

The allocation above includes costs related to the acquisition of \$6.6 and estimated severance and other costs associated with the integration of Weldwood of \$18.5. Actual amounts incurred in relation to these activities may differ from these estimates and any such differences will be factored into the final allocation.

Any payments required pursuant to pulp price movements described above will result in additional goodwill being recorded. Goodwill is not deductible for tax purposes.

(figures are in millions of dollars except where indicated)

The company entered into a consent agreement on December 7, 2004 with the Canadian Commissioner of Competition, which requires the company, among other things, to divest a 90% interest in two sawmills and their related timber harvesting rights acquired in this transaction. The assets and liabilities related to these operations are included in the preliminary allocation above.

4. LONG-TERM DEBT AND BANK INDEBTEDNESS

Long-term debt

	2004	2003
US \$125 term notes due 2005; interest at 7.50%	\$ 150.2	\$ 162.1
Cdn \$125 term notes due 2007; interest at 6.80%	124.9	124.9
Cdn \$100 bank loan due 2007; interest at floating rates ⁽¹⁾	100.0	-
Cdn \$150 bonds due 2009; interest at 4.94%	150.0	-
US \$300 term notes due 2014; interest at 5.20%	360.6	-
US nil (2003 - US \$10); interest at 8.44%	-	13.0
	<hr/>	<hr/>
	885.7	300.0
Less: Current portion	150.2	13.0
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	\$ 735.5	\$ 287.0

Interest payments on term notes and bonds are made on a semi-annual basis. Interest payments on the bank loan are made on at least a semi-annual basis and more frequently in certain circumstances.

⁽¹⁾ Floating rates are based on prime, US base, bankers acceptances or LIBOR at the company's option.

Principal repayments required are as follows:

2005	\$ 150.2
2006	-
2007	224.9
2008	-
2009	150.0
Thereafter	360.6
	<hr/>
	\$ 885.7

(figures are in millions of dollars except where indicated)

Bank indebtedness

The company has approximately \$395.0 (2003 - \$275.0) in revolving lines of credit available, \$66.0 of which was drawn as at December 31, 2004 (2003 - nil). The company has issued \$59.6 under various letters of credit.

All long-term debt and bank lines of credit are unsecured.

5. SHAREHOLDERS' EQUITY

	December 31, 2004		December 31, 2003	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	37,359,544	\$ 596.5	31,471,508	\$ 327.8
Class B common	5,385,206	0.5	5,385,206	0.5
Total Common	42,744,750	597.0	36,856,714	328.3
Retained Earnings		1,185.1		986.7
Change in Accounting for Asset Retirement Obligations		-		7.1
Share Purchase Loans		(0.6)		(0.9)
Shareholders' Equity		\$ 1,781.5		\$ 1,321.2

Common Shares

The company issued 5,852,000 share subscription receipts at \$47 per receipt pursuant to an August 12, 2004 short form prospectus. The share subscription receipts were converted on a one-for-one basis to Common shares of the company on December 31, 2004 and net proceeds of \$267.0 (net of \$8.0 of issuance costs) were credited to Common share capital. In addition, the company issued 36,036 Common shares for \$1.7 during the year (three months ended December 31, 2004 – issued 20,250 Common shares for cash of \$1.1).

Share option plan

The company has a share option plan for its directors, officers and employees, under which it may grant up to 3,505,506 share options. The exercise price of a share option is the closing price of the company's Common shares on the day preceding the grant date. The options vest at 20% per year from the grant date and expire after 10 years.

For the three months ended December 31, 2004, the Company recorded a share option recovery of \$4.7 related to the options outstanding (year-end December 31, 2004 – an expense of \$25.1).

(figures are in millions of dollars except where indicated)

Directors' deferred share unit plan

Under the DDSU, non-employee directors of the company may elect to receive all or a portion of their fee for that fiscal year in the form of deferred share units which vest immediately. Units are redeemable, in cash or Common shares, only following resignation or retirement and must be redeemed by December 15 of the following year and in certain cases a shorter time period. As at December 31, 2004, there were 5,996 (2003 - nil) units outstanding.

6. 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 exercise of options using the treasury stock method and the conversion on the issuance date of subscription receipts to Common shares. The diluted earnings per share calculation reflect the weighted average number of subscription receipts outstanding during the periods.

Earnings per share figures reflect the 10% stock dividend issued in 2003, as if the shares had been outstanding from the beginning of the years presented.

	October 1 to December 31		January 1 to December 31	
	2004	2003	2004	2003
Earnings available to shareholders	\$ 40.6	\$ 34.3	\$ 212.0	\$ 43.1
Weighted average shares (thousands)				
Weighted average shares – basic	36,867	36,820	36,848	36,814
Share options – treasury stock method	616	271	600	288
Share subscription receipts	5,852	-	2,079	-
Weighted average shares - diluted	43,335	37,091	39,527	37,102
Earnings per share (dollars)				
Basic earnings per share	\$ 1.10	\$ 0.93	\$ 5.75	\$ 1.17
Diluted earnings per share	\$ 0.94	\$ 0.92	\$ 5.36	\$ 1.16

7. CONTINGENCIES

a) Countervailing and Antidumping Duties

In 2002, the U.S. Department of Commerce (“USDOC”) issued its final determination in the countervailing and antidumping investigations, which resulted in a countervailing duty (“CVD”) rate of 18.79% and an antidumping duty (“ADD”) rate specific to the company of 2.18%, both to be posted by cash deposits effective from May 22, 2002.

(figures are in millions of dollars except where indicated)

Since that date the Canadian government and affected industry participants have initiated a series of challenges to these findings under the North American Free Trade Agreement (“NAFTA”) and before the World Trade Organization (the “WTO”).

On April 21, 2004 the USDOC issued a response to an earlier NAFTA ruling regarding specific challenges made to the ADD rate calculation. The USDOC concluded that West Fraser’s ADD rate would be reduced from 2.18% to 1.79% representing *de minimus* level, with the result that West Fraser would be exempted from the ADD order. If that determination is affirmed, the company would not be required to post deposits and would be eligible for refund of West Fraser-specific ADD deposits.

On September 10, 2004, the U.S. International Trade Commission (“ITC”) issued, in response to a NAFTA remand decision, a determination finding that the U.S. lumber industry was not threatened with material injury by reason of lumber imports from Canada. This determination should have resulted in revocation of the CVD and ADD order by the USDOC and return of the duty deposits. Instead, on November 24, 2004 the U.S. government launched an extraordinary challenge to review the legality of the decision of the NAFTA panel. A decision on that review is expected in 2005.

The CVD deposit rate was reduced to 17.18% effective December 20, 2004 as a result of the final determination in the first administrative review. Also effective December 20, 2004, West Fraser’s ADD deposit rate was reduced to 0.91%.

The company has recorded an expense for CVD and ADD equal to the amount paid as cash deposits throughout applicable periods. A refund of deposits will be recorded as income in the period received. As at December 31, 2004, the total amount on deposit from May 22, 2002 related to CVD and ADD was US\$213.4 and US\$29.6, respectively.

The company and other Canadian forest products companies, the Canadian federal and provincial governments (collectively the “Canadian Interests”) categorically deny the U.S. allegations and strongly disagree with the final countervailing and dumping determinations made by the ITC and the USDOC. The Canadian Interests continue to aggressively defend the Canadian industry in this trade dispute. Canadian Interests have appealed these decisions to NAFTA panels and the WTO. The final amount of CVD and ADD 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 cash deposit rates established in the investigations, the final liability for the assessment of CVD and ADD duties will not be determined until each annual administrative review process is complete.

(figures are in millions of dollars except where indicated)

b) The Forestry Revitalization Plan (“FRP”)

In 2003, the Government of B.C. (“Crown”) enacted the FRP that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. Licensees, including the company, will be required to return 20% of their replaceable tenures and related assets such as roads and bridges. The effect of the timber take-back is a reduction of approximately 1,266,000 cubic meters of the company’s existing allowable annual cut on replaceable tenures. The effect of the FRP on the company’s financial position and results of operations cannot be determined and will be recorded when the amounts can reasonably be determined.

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

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