



West Fraser Timber Co. Ltd

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WEST FRASER TO ACQUIRE WELDWOOD

**-- Transaction Combines Two of Canada's Leading
Integrated Forest Products Companies --**

**-- Conference Call and Webcast at 5:30 a.m. PDT/8:30 a.m. EDT on
Thursday, July 22nd --**

Vancouver, July 21, 2004 – West Fraser Timber Co. Ltd. (TSX: WFT) today announced it has signed a definitive agreement to acquire Weldwood of Canada Limited from International Paper Company for C\$1.26 billion in cash, subject to certain closing adjustments. The transaction will combine two of Canada's leading integrated forest products companies. West Fraser expects the transaction will be accretive to its shareholders.

This transaction will make West Fraser the 3rd largest lumber producer in North America and is expected to enhance its position as a performance leader among integrated forest products companies. The company will own and manage high quality manufacturing facilities and adjacent fibre in British Columbia and Alberta, as well as facilities in the southern United States.

West Fraser has arranged to finance the transaction with cash on hand and a fully underwritten bridge debt commitment (subject to customary conditions) for the balance of the purchase price. Subject to market conditions, West Fraser may consider financing a portion of the purchase price with equity, consistent with its ongoing commitment to maintain an investment grade balance sheet.

The transaction has been approved by the Boards of Directors of West Fraser and International Paper and is expected to close in the fourth quarter.

"This is the transaction we have been waiting for," said Hank Ketcham, West Fraser's Chairman, President and CEO. "Geographically, culturally and strategically, Weldwood is an excellent fit for West Fraser. This transaction is all about continuing to execute the same strategy that has made West Fraser one of the performance leaders in the North American forest products industry."

"We expect the combined company will look a great deal like West Fraser does today, but with increased scale, enhanced geographic diversity and greater product integration," said Mr. Ketcham. "Fundamentally, this transaction presents new opportunities to create value and establishes a strong platform for future growth."

Mr. Ketcham added, "We have great respect for Weldwood and its people, and we are counting on them to be an integral part of the combined company. As an added benefit,

we are proud to bring ownership of a great Canadian company back home with this transaction. Together we will continue to be active and committed participants in the communities in which we operate, just as we have been in the fifty years since our two companies began operating in BC's interior."

Transaction Benefits

Based on its current understanding of Weldwood's operations, West Fraser expects to achieve annual synergies of C\$80 million. The company expects to begin realizing profit improvement immediately upon completion of the transaction, and to have achieved the synergies over the next three years. The projected synergies are expected to be achieved primarily by implementing best practices across the combined company's operations, leveraging off the geographic proximity of the combined company's fibre base and conversion facilities to optimize timber flows, and through marketing and logistics gains.

Mr. Ketcham said, "We are confident these synergies can be achieved. We have complementary assets in close proximity. We know each other, having worked together closely as joint owners of sawmills in Burns Lake and Houston, British Columbia, and we share a common low-cost operating philosophy."

While some workforce reductions may occur as duplicative functions are combined, these represent only a small part of the expected synergies. This transaction is being driven by the opportunities it presents to optimize assets and grow the company over time.

High Quality Assets

With the purchase of Weldwood, West Fraser will acquire:

- ❖ Four sawmills that are wholly-owned by Weldwood;
- ❖ Full ownership of one sawmill in which the company is currently a 50% joint venture partner with Weldwood;
- ❖ Controlling interests in two other sawmills in which West Fraser and Weldwood are joint-venture partners;
- ❖ Two plywood plants;
- ❖ One laminated veneer lumber (LVL) facility;
- ❖ One NBSK pulp mill in Hinton, Alberta, and 50% ownership in a second NBSK mill in Quesnel, British Columbia; and
- ❖ 5.0 million cubic metres of Allowable Annual Cut (AAC), net of take-back, with licenses in both Alberta and British Columbia.

Weldwood has current capacity to produce approximately 1.3 billion board feet of lumber (on a two-shift basis), 600,000 metric tonnes of NBSK pulp, 495 million square feet of plywood (3/8"), and 3 million cubic feet of laminated veneer lumber. Approximately 61% of Weldwood's 5.0 million cubic metres of AAC is in Alberta, with the balance in British Columbia.

Transaction Details

Under the terms of the transaction, West Fraser will acquire all of the outstanding common shares of Weldwood from International Paper for C\$1.26 billion, subject to certain closing adjustments. International Paper will be entitled to the after-tax value of refunds, if any, of softwood lumber duties paid by Weldwood prior to closing. The

Agreement also provides for future cash consideration not to exceed \$50 million in aggregate, to be paid to International Paper if the market price of NBSK pulp exceeds the greater of US\$710 or C\$950 during a quarter. This entitlement ends on June 30, 2007.

As part of this agreement, West Fraser and International Paper have also agreed to terms on a long-term "take-or-pay" pulp sales agreement, to be signed on closing, under which International Paper will purchase 200,000 metric tonnes of NBSK pulp per year for 10 years.

The transaction is subject to compliance with Canadian and US competition law and Canadian forestry laws, as well as other customary approvals. The agreement contains certain due diligence, financing and other conditions in favour of West Fraser, which would allow it to terminate the transaction without penalty under certain circumstances.

Scotia Capital Inc. is financial advisor to West Fraser in this transaction.

About the Companies

West Fraser is an integrated forest products company that produces lumber, wood chips, MDF, 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. The company has 4,000 employees.

Headquartered in Vancouver, British Columbia, Weldwood manufactures lumber, plywood, laminated veneer lumber, treated wood products and northern bleached softwood kraft pulp at facilities in British Columbia and Alberta. The company employs more than 3,000 people. Weldwood is a wholly-owned subsidiary of International Paper.

International Paper is the world's largest paper and forest products company.

Conference Call Details

West Fraser will host a conference call for the investment community at 5:30 am PDT / 8:30 am EDT tomorrow, Thursday July 22nd. Participants may access the call by dialing (416) 405-9328 or (800) 387-6216 approximately 10 minutes prior to the start time. This call will also be available via webcast at www.westfraser.com. Supporting presentation materials will be available online at this same address at the time of the call. Media is welcome to listen to the call.

A replay will be available following the call. Callers may access the replay by dialing (416) 695-5800 or (800) 408-3053; access code 3084073 .

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This release contains forward-looking statements, including statements regarding the anticipated timing and benefits of the transaction between West Fraser and Weldwood. Forward-looking statements, which include all statements that are not historical facts, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in or suggested by the forward-looking statements, including the risk that the integration of the West Fraser and Weldwood businesses will not be integrated in a timely and cost effective manner, the risk of incurring liabilities as a result of the acquisition that are currently unknown, costs relating to the acquisition and integration of the businesses, and additional risks described in the Company's MD&A under "Risks & Uncertainties" in the Company's Annual Report which is incorporated by reference. All forward-looking statements in this press release are qualified by these cautionary statements. In addition, the proposed acquisition involves the integration of two companies previously operated independently. No assurance can be given that the combined operation resulting from the acquisition will realize anticipated cost reductions and synergies, or that other benefits expected from the acquisition will be realized. Readers should not place undue reliance on the forward-looking statements, which reflect Management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.