



**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")  
2003 4th Quarter and Annual Results  
Tuesday, February 17, 2004**

**West Fraser Reports 2003 Results  
4th Quarter earnings of \$34 million or \$0.92 per share**

Attention: Business & Financial Editors  
Financial Analysts

*Vancouver, B.C.* **West Fraser Timber Co. Ltd.** today announced fourth quarter earnings of \$34 million or \$0.92 per share on sales of \$361 million compared to earnings of \$36 million or \$0.96 per share on sales of \$405 million in the fourth quarter of 2002. For the year 2003 earnings were \$43 million or \$1.16 per share on sales of \$1,508 million. This compares to earnings of \$138 million or \$3.70 per share on sales of \$1,632 million in 2002.

Results for the fourth quarter included a \$7 million foreign exchange gain on translation of long-term debt (2002 - \$1 million) and for the year included a foreign exchange gain of \$41 million (2002 - \$6 million).

EBITDA<sup>1</sup> was \$68 million or 19% of sales for the fourth quarter and \$151 million or 10% of sales for the year. This compares to \$71 million or 17% of sales and \$344 million or 21% of sales in the corresponding periods in 2002.

### **OPERATIONAL RESULTS**

Lumber EBITDA for the quarter, after accounting for duties, was \$41 million or 19% of sales compared to \$22 million or 9% of sales in the fourth quarter of 2002. Housing starts in the United States were strong throughout the quarter. Benchmark SPF 2X4 lumber prices averaged US\$299 per Mfbm for the quarter compared to the third quarter 2003 average of US\$319 per Mfbm and the 2002 fourth quarter average of US\$230 per Mfbm. Southern Yellow Pine 2X4 prices averaged US\$403 per Mfbm for the quarter compared to US\$338 per Mfbm for the third quarter and US\$279 per Mfbm for the fourth quarter of 2002. Production and shipments remained strong for the quarter contributing to annual records in these categories.

Chairman, President and Chief Executive Officer, Hank Ketcham, stated "Our sawmill operations continued to excel in 2003, achieving operating earnings of \$40 million with \$26 million in the fourth quarter despite a very strong Canadian dollar and the softwood lumber duties".

The panel operations generated EBITDA of \$11 million or 22% of sales in the quarter compared to \$15 million or 31% of sales in the comparable quarter of 2002. Plywood prices remained strong, while MDF prices continued to be weaker than in previous years. Despite higher

production and shipments EBITDA for the quarter was lower than the previous year due primarily to poor market conditions for MDF.

West Fraser's pulp and paper operations generated EBITDA of \$16 million or 15% of sales for the quarter compared to \$36 million or 27% of sales in the comparable quarter of 2002. An annual pulp production record was established in 2003 due primarily to the November, 2002 purchase of the other 50% interest in Quesnel River Pulp. Shipment levels from the company's Kitimat linerboard and kraft paper plant were below production in the fourth quarter due to the lingering effect of the Kitimat strike. By early 2004 shipments returned to normalized levels.

Mr. Ketcham observed, "Our pulp and newsprint businesses continued to be solid contributors to earnings which helped to offset a negative quarter at our Kitimat mill".

### **LUMBER TRADE DISPUTE**

West Fraser has charged \$112 million in 2003 (2002 - \$67 million), as a reduction of sales, on account of the trade duties, of which \$32 million (2002 - \$25 million) related to 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 9, 2004 to shareholders of record on March 26, 2004.

### **CONFERENCE CALL**

Investors are invited to listen to the quarterly conference call to be held February 18 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 lumber, wood chips, fibreboard, plywood, pulp, linerboard, kraft paper and newsprint.

### **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.*

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<sup>†</sup> EBITDA is defined as operating earnings plus amortization



## CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2003	2002	2003	2002
<b><u>EARNINGS</u></b>				
<b>Net Sales</b>	<b>\$ 361.4</b>	<b>\$ 404.8</b>	<b>\$ 1,508.1</b>	<b>\$ 1,632.2</b>
<b>Costs and expenses</b>				
Cost of products sold	279.5	316.1	1,287.7	1,243.8
Amortization of property, plant and equipment	35.9	35.6	142.3	135.4
Selling, general and administrative	13.8	18.2	60.2	69.1
Share option expense (note 6)	0.4	-	8.9	-
Recovery of prior year export duties	-	-	-	(25.0)
	<b>329.6</b>	<b>369.9</b>	<b>1,499.1</b>	<b>1,423.3</b>
<b>Operating earnings</b>	<b>31.8</b>	<b>34.9</b>	<b>9.0</b>	<b>208.9</b>
<b>Other</b>				
Interest expense - net	(3.9)	(4.9)	(16.9)	(32.6)
Exchange gain on long-term debt	7.2	1.4	40.8	5.5
Other income (expense)	5.6	(0.8)	3.3	3.4
<b>Earnings from continuing operations before income taxes</b>	<b>40.7</b>	<b>30.6</b>	<b>36.2</b>	<b>185.2</b>
Income tax expense (recovery)	6.4	3.5	(6.9)	56.2
<b>Earnings from continuing operations</b>	<b>34.3</b>	<b>27.1</b>	<b>43.1</b>	<b>129.0</b>
<b>Earnings from discontinued operations</b>	<b>-</b>	<b>8.5</b>	<b>-</b>	<b>8.5</b>
<b>Earnings</b>	<b>\$ 34.3</b>	<b>\$ 35.6</b>	<b>\$ 43.1</b>	<b>\$ 137.5</b>
<b>Earnings per share (note 5)</b>				
Basic from continuing operations	\$ 0.93	\$ 0.74	\$ 1.17	\$ 3.50
Basic after discontinued operations	\$ 0.93	\$ 0.96	\$ 1.17	\$ 3.74
Diluted from continuing operations	\$ 0.92	\$ 0.74	\$ 1.16	\$ 3.47
Diluted after discontinued operations	\$ 0.92	\$ 0.96	\$ 1.16	\$ 3.70
<b><u>RETAINED EARNINGS</u></b>				
<b>Balance - beginning of period</b>	<b>\$ 957.6</b>	<b>\$ 933.2</b>	<b>\$ 964.2</b>	<b>\$ 845.6</b>
Earnings	34.3	35.6	43.1	137.5
	<b>991.9</b>	<b>968.8</b>	<b>1,007.3</b>	<b>983.1</b>
Preferred share payment	-	-	-	(0.2)
Common share dividends	(5.2)	(4.6)	(20.6)	(18.7)
<b>Balance - end of period</b>	<b>\$ 986.7</b>	<b>\$ 964.2</b>	<b>\$ 986.7</b>	<b>\$ 964.2</b>



## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars - unaudited)

	October 1 to December 31		January 1 to December 31	
	2003	2002	2003	2002
<b>Cash Flows From Operating Activities</b>				
Earnings	\$ 34.3	\$ 35.6	\$ 43.1	\$ 137.5
<b>Items not affecting cash</b>				
Amortization of property, plant and equipment	35.9	35.6	142.3	135.4
Exchange (gain) loss on long-term debt	(7.2)	(1.4)	(40.8)	(5.5)
Future income taxes	(0.3)	(7.6)	(15.2)	(9.7)
Change in other long-term liabilities	(8.1)	(0.9)	(7.2)	(22.1)
Change in reforestation obligation	3.7	(1.1)	6.0	(6.0)
(Gain) loss on asset sales	(9.3)	0.7	(12.5)	0.2
Other	2.2	(3.1)	3.9	(4.4)
	<u>51.2</u>	<u>57.8</u>	<u>119.6</u>	<u>225.4</u>
Net change in non-cash working capital items	(27.3)	(38.0)	32.1	(47.1)
	<u>23.9</u>	<u>19.8</u>	<u>151.7</u>	<u>178.3</u>
<b>Cash Flows From Financing Activities</b>				
Repayment of long-term debt	-	-	(16.8)	(235.7)
Dividends	(5.3)	(4.6)	(20.7)	(18.7)
Other	0.2	-	0.8	2.5
	<u>(5.1)</u>	<u>(4.6)</u>	<u>(36.7)</u>	<u>(251.9)</u>
<b>Cash Flows From Investing Activities</b>				
Property, plant and equipment additions	(22.8)	(37.6)	(79.3)	(123.1)
Proceeds from disposal of property, plant & equipment	4.4	-	17.6	6.3
Acquisition (note 2)	-	(0.3)	(6.2)	(0.3)
Proceeds from disposals of other assets	30.9	-	30.9	-
Change in other assets	2.9	6.7	(5.0)	6.8
	<u>15.4</u>	<u>(31.2)</u>	<u>(42.0)</u>	<u>(110.3)</u>
Change in cash from continuing operations	34.2	(16.0)	73.0	(183.9)
Change in cash from discontinued operations	-	26.2	-	106.7
Net cash - beginning of period	231.7	182.7	192.9	270.1
Net cash - end of period	<u>\$ 265.9</u>	<u>\$ 192.9</u>	<u>\$ 265.9</u>	<u>\$ 192.9</u>
<b>Interest paid</b>	<u>\$ 4.8</u>	<u>\$ 5.8</u>	<u>\$ 24.1</u>	<u>\$ 42.4</u>
<b>Income taxes paid</b>	<u>\$ 8.7</u>	<u>\$ 12.4</u>	<u>\$ 57.3</u>	<u>\$ 72.3</u>



## CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars - unaudited)

	As at December 31, 2003	As at December 31, 2002
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and short-term investments	\$ 265.9	\$ 192.9
Accounts receivable	158.0	174.0
Inventories	324.2	319.4
Prepaid expenses	9.2	7.0
	<u>757.3</u>	<u>693.3</u>
<b>Other assets</b>	<b>64.3</b>	<b>84.0</b>
<b>Property, plant and equipment</b>	<b>1,244.8</b>	<b>1,316.9</b>
<b>Deferred charges</b>	<b>21.3</b>	<b>20.2</b>
	<u>\$ 2,087.7</u>	<u>\$ 2,114.4</u>
<b><u>LIABILITIES &amp; SHAREHOLDERS' EQUITY</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 186.2	\$ 163.1
Current portion of reforestation obligation	30.8	29.5
Current portion of long-term debt	13.0	19.7
	<u>230.0</u>	<u>212.3</u>
<b>Long-term debt</b>	<b>287.0</b>	<b>337.7</b>
<b>Reforestation obligation</b>	<b>62.9</b>	<b>57.8</b>
<b>Other liabilities</b>	<b>7.2</b>	<b>14.4</b>
<b>Future income taxes</b>	<b>186.5</b>	<b>201.7</b>
	<u>773.6</u>	<u>823.9</u>
<b>Shareholders' Equity</b>	<b>1,314.1</b>	<b>1,290.5</b>
	<u>\$ 2,087.7</u>	<u>\$ 2,114.4</u>

Number of Common shares outstanding at December 31, 2003 was 36,856,714

## QUARTERLY COMPARISONS - Continuing Operations

January 1 to December 31

(in millions of Canadian dollars - unaudited)

	2003		2002	
<b>Sales</b>				
First	\$	385.4	\$	379.4
Second		379.0		420.2
Third		382.3		427.8
Fourth		361.4		404.8
	\$	1,508.1	\$	1,632.2
<b>Earnings</b>				
First	\$	10.9	\$	26.6
Second		(5.2)		71.0
Third		3.1		4.3
Fourth		34.3		27.1
	\$	43.1	\$	129.0
<b>Diluted Earnings Per Share</b> (in dollars)				
First	\$	0.29	\$	0.71
Second	\$	(0.14)	\$	1.90
Third	\$	0.09	\$	0.12
Fourth	\$	0.92	\$	0.74
Annual	\$	1.16	\$	3.47

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

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
<b>October 1, 2003 to December 31, 2003</b>					
Net sales at market prices					
To external customers	\$ 204.1	\$ 49.5	\$ 107.8		\$ 361.4
To other segments	16.4				
	<u>\$ 220.5</u>	<u>\$ 49.5</u>	<u>\$ 107.8</u>	<u>-</u>	
<b>EBITDA<sup>1</sup></b>	<b>\$ 40.8</b>	<b>\$ 11.0</b>	<b>\$ 15.7</b>	<b>\$ 0.2</b>	<b>\$ 67.7</b>
Amortization of property, plant and equipment	14.8	6.1	14.9	0.1	35.9
Operating earnings	26.0	4.9	0.8	0.1	31.8
Interest income (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>

**October 1, 2002 to December 31, 2002**

Net sales at market prices					
To external customers	\$ 223.3	\$ 47.7	\$ 133.8		\$ 404.8
To other segments	6.4				
	<u>\$ 229.7</u>	<u>\$ 47.7</u>	<u>\$ 133.8</u>	<u>-</u>	
<b>EBITDA<sup>1</sup></b>	<b>\$ 21.7</b>	<b>\$ 14.7</b>	<b>\$ 35.9</b>	<b>\$ (1.8)</b>	<b>\$ 70.5</b>
Amortization of property, plant and equipment	15.2	5.9	13.8	0.7	35.6
Operating earnings (loss)	6.5	8.8	22.1	(2.5)	34.9
Interest income (expense)	(0.9)	0.1	(0.6)	(3.5)	(4.9)
Exchange gain on long-term debt	-	-	-	1.4	1.4
Other income (expense)	-	-	0.3	(1.1)	(0.8)
Earnings (loss) before income taxes	<u>\$ 5.6</u>	<u>\$ 8.9</u>	<u>\$ 21.8</u>	<u>\$ (5.7)</u>	<u>\$ 30.6</u>

<sup>1</sup> EBITDA is defined as operating earnings plus amortization

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

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
<b>January 1, 2003 to December 31, 2003</b>					
Net sales at market prices					
To external customers	\$ 860.7	\$ 198.8	\$ 448.6		\$ 1,508.1
To other segments	35.6				
	<u>\$ 896.3</u>	<u>\$ 198.8</u>	<u>\$ 448.6</u>	<u>-</u>	
<b>EBITDA<sup>1</sup></b>	<b>\$ 98.9</b>	<b>\$ 36.9</b>	<b>\$ 26.9</b>	<b>\$ (11.4)</b>	<b>\$ 151.3</b>
Amortization of property, plant and equipment	59.4	24.3	56.8	1.8	142.3
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>
<b>January 1, 2002 to December 31, 2002</b>					
Net sales at market prices					
To external customers	\$ 930.8	\$ 216.7	\$ 484.7		\$ 1,632.2
To other segments	28.2				
	<u>\$ 959.0</u>	<u>\$ 216.7</u>	<u>\$ 484.7</u>	<u>-</u>	
<b>EBITDA<sup>1</sup></b>	<b>\$ 193.6</b>	<b>\$ 70.4</b>	<b>\$ 87.0</b>	<b>\$ (6.7)</b>	<b>\$ 344.3</b>
Amortization of property, plant and equipment	55.1	23.5	55.0	1.8	135.4
Operating earnings (loss)	138.5	46.9	32.0	(8.5)	208.9
Interest income (expense)	(16.1)	(6.2)	(14.3)	4.0	(32.6)
Exchange gain on long-term debt	-	-	-	5.5	5.5
Other income	1.3	-	0.4	1.7	3.4
Earnings before income taxes	<u>\$ 123.7</u>	<u>\$ 40.7</u>	<u>\$ 18.1</u>	<u>\$ 2.7</u>	<u>\$ 185.2</u>

<sup>1</sup> EBITDA is defined as operating earnings plus amortization



## FOURTH QUARTER & YEAR OPERATING HIGHLIGHTS

		October 1 to December 31		January 1 to December 31	
		2003	2002	2003	2002
<b>Lumber</b>	Production (Mfbm)	<b>641,275</b>	605,130	<b>2,593,611</b>	2,346,721
	Shipments (Mfbm)	<b>666,012</b>	620,389	<b>2,617,235</b>	2,296,893
<b>Panels</b>					
MDF	Production (Msf - 3/4")	<b>67,612</b>	65,935	<b>261,366</b>	249,087
	Shipments (Msf - 3/4")	<b>64,051</b>	56,035	<b>262,824</b>	248,656
Plywood	Production (Msf - 3/8")	<b>61,201</b>	56,840	<b>248,225</b>	235,096
	Shipments (Msf - 3/8")	<b>52,217</b>	57,755	<b>237,037</b>	235,043
<b>Pulp &amp; Paper (tonnes)</b>					
Linerboard and Kraft paper	Production	<b>114,885</b>	115,940	<b>279,562</b>	410,196
	Shipments	<b>74,250</b>	101,815	<b>290,536</b>	395,076
Pulp	Production	<b>133,501</b>	117,048	<b>523,027</b>	396,957
	Shipments	<b>127,517</b>	104,340	<b>512,492</b>	385,638
Newsprint	Production	<b>32,872</b>	32,363	<b>127,317</b>	128,394
	Shipments	<b>32,682</b>	33,389	<b>126,178</b>	131,930

### 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, 2002.

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

#### 2. ACQUISITIONS

Effective May 30, 2003, the company acquired certain timber rights and a non-operating sawmill. The acquisition has been accounted for by the purchase method and the results of operations have been included with those of the company from the effective date.

Net asset acquired:

Property, plant and equipment	\$ 6,597
Reforestation obligation assumed	( 439)
Cash consideration	<u>\$ 6,158</u>

Effective November 1, 2002, the company increased its ownership in the Quesnel River Pulp Company joint venture to 100%. The acquisition has been accounted for by the purchase method and the results of operations have been included with those of the company from the effective date.

Net assets acquired for cash	<u>\$ 304</u>
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### 3. DISCONTINUED OPERATIONS

Effective June 6, 2001, the company sold substantially all of its retail home improvement operations. Changes to estimated proceeds and costs resulted in the recognition of \$8,521 from discontinued operation in the fourth quarter of 2002.

### 4. SHAREHOLDERS' EQUITY

	2003		2002	
	Number of Shares Issued	Amount	Number of Shares Issued	Amount
Common	31,471,508	327,764	27,848,023	326,958
Class B common	5,385,206	541	5,635,206	566
Total Common	36,856,714	328,305	33,483,229	327,524
Retained Earnings		986,720		964,238
Share Purchase Loans		(879)		(1,211)
Shareholders' Equity		1,314,146		1,290,551

The following table summarizes the common shares issued during the period:

	October 1 to December 31		January 1 to December 31	
	2003	2002	2003	2002
Pursuant to 10% stock dividend	-	-	3,349,452	3,038,698
Pursuant to cash payments	3,417	3,490	24,033	84,443
Total issued	3,417	3,490	3,373,485	3,123,141

### 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 exercise of options using the treasury stock method.

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

	October 1 to December 31			
	2003		2002	
	From continuing	After discontinued	From continuing	After discontinued
<b>Earnings available to shareholders</b>	\$ 34.3	\$ 34.3	\$ 27.1	\$ 35.6
<b>Weighted average shares (thousands)</b>				
Weighted average shares – basic	36,820	36,820	36,783	36,783
Share options – treasury stock method	271	271	167	167
Weighted average shares - diluted	37,091	37,091	36,950	36,950
<b>Earnings per share (dollars)</b>				
Basic earnings per share	\$ 0.93	\$ 0.93	\$ 0.74	\$ 0.96
Diluted earnings per share	\$ 0.92	\$ 0.92	\$ 0.74	\$ 0.96

	January 1 to December 31			
	2003		2002	
	From continuing	After discontinued	From continuing	After discontinued
<b>Earnings</b>	\$ 43.1	\$ 43.1	\$ 129.0	\$ 137.5
Preferred share payments	-	-	(0.2)	(0.2)
Available to shareholders	\$ 43.1	\$ 43.1	\$ 128.8	\$ 137.3
<b>Weighted average shares (thousands)</b>				
Weighted average shares – basic	36,814	36,814	36,756	36,756
Share options – treasury stock method	288	288	328	328
Weighted average shares - diluted	37,102	37,102	37,084	37,084
<b>Earnings per share (dollars)</b>				
Basic earnings per share	\$ 1.17	\$ 1.17	\$ 3.50	\$ 3.74
Diluted earnings per share	\$ 1.16	\$ 1.16	\$ 3.47	\$ 3.70

## 6. SHARE-BASED COMPENSATION

Effective July 2003, the share option plan was amended to provide the share option holder the right to elect to receive a cash payment in lieu of receiving common shares. The cash payment is equal to the difference between the exercise price of the share option and the market price of the company's common shares on the date of exercise.

The modification to the share option plan was accounted for prospectively and for the year ended December 31, 2003 the company recorded a selling, general and administrative expense of \$8,898 million related to options outstanding.

Prior to the amendment, the company disclosed pro-forma earnings attributable to common shareholders as if share options had been recognized as compensation expense estimated on the date of grant using an option-pricing model.

## 7. THE FORESTRY REVITALIZATION PLAN

In March 2003, the Government of B.C. ("Crown") enacted the Forestry Revitalization Plan (the "Plan") that provides for significant changes to Crown forest policy and to the existing allocation of Crown timber tenures to licensees. The changes prescribed in the Plan include; the elimination of minimum cut control regulations, the elimination of existing timber processing regulations, and the elimination of restrictions limiting the transfer and subdivision of existing licenses. As well, through legislation, licensees, including the company, will be required to return 20% of their replaceable tenure to the Crown. The Crown has acknowledged that licensees will be fairly compensated for the return of tenures and related costs such as roads and bridges

The effect of the timber take-back has resulted in a reduction of approximately 832,000 m<sup>3</sup> of the company's existing allowable annual cut on replaceable tenures. The effect of the Plan on the company's financial position and results of operations cannot be determined at this time. The company will record the effects of the Plan at the time the amounts can be estimated.

## 8. CONTINGENT LIABILITY

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 investigation resulted in a countervailing duty rate of 18.79% and an antidumping rate specific to the company of 2.18%, both 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 have been required for shipments at the rates determined by the USDOC effective from May 22, 2002. All bonds posted before May 22, 2002 have been returned and cancelled. In 2002, the company reversed \$25.0 million related to preliminary duties charged in 2001.

The company has incurred countervailing and antidumping duties, accounted for as a reduction of sales, as follows:

	October 1 to December 31		January 1 to December 31	
	2003	2002	2003	2002
Countervailing and antidumping duties	\$ 31.7	\$ 24.6	\$ 112.0	\$ 67.4

The company and other Canadian forest product companies, the Federal Government and Canadian provincial governments ("Canadian Interests") categorically deny the U.S. 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 have appealed these decisions to 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 cash deposit rates established in the investigations, the final liability for the assessment of countervailing and antidumping duties will not be determined until each annual administrative review process is complete.

An administrative review is currently underway and is expected to be completed by November 2004 and may extend beyond that date if appealed.

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West Fraser shares trade on the Toronto Stock Exchange under the 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)