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NEWS RELEASE
WEST FRASER TIMBER CO. LTD.
(“WFT”)

Wednesday, July 17, 2013

West Fraser Announces Second Quarter Results

Vancouver, B.C. – **West Fraser Timber Co. Ltd.** today reported earnings of \$109 million or \$2.54 per share on sales of \$900 million in the second quarter of 2013. These results compare with previous periods as follows:

(\$ millions except earnings per share (“EPS”))	Q2-13	Q1-13	YTD-13	Q2-12	YTD-12
Sales	900	863	1,763	774	1,455
EBITDA ¹	178	141	319	82	99
Operating earnings	141	101	242	45	22
Earnings	109	67	176	24	5
Basic EPS (\$)	2.54	1.57	4.11	0.57	0.13
Adjusted earnings ²	107	103	210	38	25
Adjusted basic EPS (\$) ²	2.49	2.42	4.91	0.90	0.59

1. In this News Release, reference is made to EBITDA (defined as operating earnings plus amortization). Our management believes that, in addition to earnings, EBITDA is a useful performance indicator and is a useful measure of cash available prior to debt service, capital expenditures and income taxes. Reference is also made to Adjusted earnings (calculated as set out in the tables described in footnote 2) and Adjusted basic EPS (collectively, with EBITDA, “these measures”). None of these measures is a generally accepted earnings measure under International Financial Reporting Standards (“IFRS”) and none have a standardized meaning prescribed by IFRS. Investors are cautioned that these measures should not be considered as an alternative to earnings, earnings per share or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating any of these measures, our method of calculating each of them may differ from the methods used by other entities and, accordingly, our use of any of these measures may not be directly comparable to similarly titled measures used by other entities.

2. Refer to the table titled “Earnings Adjustments for Certain Non-Operational Items” in Management’s Discussion and Analysis of our second quarter 2013 results for details of these adjustments.

Operational Results

In the quarter our lumber operations generated operating earnings of \$103 million (Q1 - \$122 million) and EBITDA of \$125 million (Q1- \$146 million). The weaker results compared to the previous quarter reflect sharply reduced prices for SPF and SYP lumber during the current quarter.

In the quarter our panel segment generated operating earnings of \$6 million (Q1 - \$14 million) and EBITDA of \$10 million (Q1 - \$18 million) as plywood prices weakened.

In the quarter our pulp and paper operations generated operating earnings of \$20 million (Q1 - \$4 million loss) and EBITDA of \$31 million (Q1 - \$8 million). Higher prices, a slightly weaker Canadian dollar and income from selling power under the Alberta power purchase agreement contributed to the improved results.

Outlook

Both SPF and SYP lumber prices experienced a sharp drop during the second quarter. U.S. housing continues to slowly recover and lumber prices have stabilized and shown some improvement in early July. We expect lumber prices to remain fairly volatile but with a gradual upward trend. B.C. and Alberta timber harvesting stumpage costs are set to increase in the third quarter but lumber productivity and cost reductions are expected to continue to improve over the next few quarters as we complete various major capital projects.

“In the second quarter we saw an example of the kind of lumber price volatility that we have expected to accompany the gradual recovery of the U.S. housing market.” said Ted Seraphim, our President and CEO. “We continue to be optimistic about that recovery and are focused on ensuring that we are able to fully benefit from it.”

Management’s Discussion & Analysis (“MD&A”)

The Company’s MD&A is available on the Company’s website: www.westfraser.com and on the System for Electronic Document Analysis and Retrieval at www.sedar.com under the Company’s profile.

McDavid Sawmill Restart

We will be restarting our McDavid, Florida sawmill, which has been closed since 2008, on a one-shift basis before the end of 2013. “We are pleased to be able to restart the McDavid sawmill.” said Ted Seraphim. “We are looking forward to training staff and investing capital to improve the mill’s operations.”

West Fraser

We are an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint. We have operations in western Canada and the southern United States.

Forward-Looking Statements

This news release contains historical information, descriptions of current circumstances and statements about potential future developments. The latter, which are forward-looking statements and are included under the heading “Outlook” and “McDavid Sawmill Restart”, are presented to provide reasonable guidance to the reader but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Actual outcomes and results will depend on a number of factors that could affect our ability to execute our business plans, including those matters described in the 2012 annual Management’s Discussion & Analysis under “Risks and Uncertainties”, and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements and we undertake no obligation to publicly revise them to reflect subsequent events or circumstances, except as required by applicable securities laws.

Conference Call

Investors are invited to listen to the quarterly conference call on Thursday, July 18, 2013 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time) by dialing 1-800-952-6845 (toll-free North America). The call may also be accessed through our website at www.westfraser.com.



West Fraser Timber Co. Ltd.

Condensed Consolidated Balance Sheets

(in millions of Canadian dollars, except where indicated - unaudited)

	June 30 2013	December 31 2012
Assets		
Current assets		
Cash and short-term investments	\$ 220	\$ 102
Receivables	291	251
Inventories (note 4)	452	459
Prepaid expenses	25	11
	988	823
Property, plant and equipment	1,020	959
Timber licences	488	496
Goodwill and other intangibles	325	330
Other assets	10	10
	\$ 2,831	\$ 2,618
Liabilities		
Current liabilities		
Payables and accrued liabilities	\$ 321	\$ 322
Income taxes payable	30	20
Reforestation and decommissioning obligations	42	43
	393	385
Long-term debt (note 5)	317	300
Other liabilities (note 6)	301	313
Deferred income taxes	142	128
	1,153	1,126
Shareholders' Equity		
Share capital	602	602
Accumulated other comprehensive earnings	7	(9)
Retained earnings	1,069	899
	1,678	1,492
	\$ 2,831	\$ 2,618

Number of Common shares and Class B Common shares outstanding at July 17, 2013 was 42,866,028.



West Fraser Timber Co. Ltd.

Condensed Consolidated Statements of Changes in Shareholders' Equity
(in millions of Canadian dollars, except where indicated - unaudited)

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Share capital				
Balance - beginning of period	\$ 602	\$ 601	\$ 602	\$ 601
Issuance of Common shares	-	1	-	1
Balance - end of period	\$ 602	\$ 602	\$ 602	\$ 602
Accumulated other comprehensive earnings				
Balance - beginning of period	\$ (4)	\$ (10)	\$ (9)	\$ (6)
Translation gain on foreign operations	11	5	16	1
Balance - end of period	\$ 7	\$ (5)	\$ 7	\$ (5)
Retained earnings				
Balance - beginning of period	\$ 908	\$ 851	\$ 899	\$ 888
Actuarial gain (loss) on employee future benefits (net of tax)	58	(23)	6	(35)
Earnings for the period	109	24	176	5
Dividends	(6)	(6)	(12)	(12)
Balance - end of period	\$ 1,069	\$ 846	\$ 1,069	\$ 846
Shareholders' equity	\$ 1,678	\$ 1,443	\$ 1,678	\$ 1,443



West Fraser Timber Co. Ltd.

Condensed Consolidated Statements of Earnings and
Comprehensive Earnings

(in millions of Canadian dollars, except where indicated - unaudited)

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Sales	\$ 900	\$ 774	\$ 1,763	\$ 1,455
Costs and expenses				
Cost of products sold	576	517	1,117	1,013
Freight and other distribution costs	126	126	243	243
Export taxes	-	14	-	27
Amortization	37	37	77	77
Selling, general and administration	32	26	64	52
Equity-based compensation	(12)	9	20	21
	759	729	1,521	1,433
Operating earnings	141	45	242	22
Finance expense (note 8)	(7)	(7)	(14)	(14)
Exchange loss on long-term debt	(11)	(6)	(17)	-
Other income (note 9)	10	-	7	-
Earnings before tax provision	133	32	218	8
Tax provision (note 10)	(24)	(8)	(42)	(3)
Earnings	\$ 109	\$ 24	\$ 176	\$ 5
Earnings per share (dollars) (note 11)				
Basic	\$ 2.54	\$ 0.57	\$ 4.11	\$ 0.13
Diluted	\$ 2.23	\$ 0.57	\$ 4.11	\$ 0.13
Comprehensive earnings				
Earnings	\$ 109	\$ 24	\$ 176	\$ 5
Other comprehensive earnings				
Translation gain on foreign operations ¹	11	5	16	1
Actuarial gain (loss) on employee future benefits (note 7) ²	58	(23)	6	(35)
Comprehensive earnings	\$ 178	\$ 6	\$ 198	\$ (29)

1. Reclassified through earnings in the event of a reduction in net investment in foreign operations.

2. Not reclassified through earnings.



West Fraser Timber Co. Ltd.

Condensed Consolidated Statements of Cash Flows

(in millions of Canadian dollars, except where indicated - unaudited)

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Operating activities				
Earnings	\$ 109	\$ 24	\$ 176	\$ 5
Adjustments				
Amortization	37	37	77	77
Finance expense	7	7	14	14
Exchange loss on long-term debt	11	6	17	-
Tax provision	24	8	42	3
Income taxes paid	(10)	(5)	(22)	(1)
Reforestation and decommissioning obligations	(12)	(4)	6	8
Employee future benefits expense	12	10	24	20
Contributions to employee future benefit plans	(30)	(10)	(36)	(14)
Other	(6)	-	(6)	(1)
Changes in non-cash working capital				
Receivables	49	15	(28)	(35)
Inventories	124	84	12	4
Prepaid expenses	(8)	(10)	(13)	(13)
Payables and accrued liabilities	(51)	(19)	(5)	7
Cash flows from operating activities	256	143	258	74
Financing activities				
Repayment of operating loans	-	(56)	-	-
Finance charges paid	(8)	(8)	(9)	(9)
Dividends	(6)	(6)	(12)	(12)
Other	-	(1)	-	-
Cash flows from financing activities	(14)	(71)	(21)	(21)
Investing activities				
Additions to capital assets	(74)	(33)	(123)	(84)
Proceeds from Green Transformation Program	-	24	1	40
Proceeds from disposal of capital assets	-	-	1	2
Other	(2)	-	(2)	-
Cash flows from investing activities	(76)	(9)	(123)	(42)
Change in cash	166	63	114	11
Foreign exchange effect on cash	4	-	4	-
Cash - beginning of period	50	16	102	68
Cash - end of period	\$ 220	\$ 79	\$ 220	\$ 79

West Fraser Timber Co. Ltd.

Notes to Condensed Consolidated Interim Financial Statements

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

1. Nature of operations

West Fraser Timber Co. Ltd. (“West Fraser”, “we”, “us” or “our”) is an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint with facilities in western Canada and the southern United States. Our executive office is located at 858 Beatty Street, Suite 501, Vancouver, British Columbia. West Fraser was formed by articles of amalgamation under the *Business Corporations Act* (British Columbia) and is registered in British Columbia, Canada. Our Common shares are listed for trading on the Toronto Stock Exchange under the symbol WFT.

2. Basis of presentation and statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”) and using the same accounting policies and methods of their application as the December 31, 2012 annual financial statements, except as described below. These condensed consolidated interim financial statements should be read in conjunction with our 2012 annual financial statements.

3. Changes in accounting policies

We have adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions. For a description of the new and revised standards refer to note 4 of our 2012 annual financial statements.

IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS 12 – Disclosure of Interests in Other Entities

We assessed our consolidation conclusions and the classification of our joint arrangements and determined that the adoption of these IFRS’s did not result in any changes to the accounting for our subsidiaries, investees and joint arrangements.

IFRS 13 - Fair Value Measurement

The adoption of IFRS 13 did not require any adjustments to the valuation techniques used to measure fair value and did not result in any measurement adjustments.

IAS 19 - Amendment, Employee Benefits

The effect of adopting the amended standard on January 1, 2013 is as follows:

	Previous standard	Change	Amended standard
April 1 to June 30, 2013			
Pension and benefit expense	\$ 9	\$ 2	\$ 11
Finance expense	-	3	3
Tax recovery	(2)	(1)	(3)
	\$ 7	\$ 4	\$ 11
Actuarial gain on employee future benefits (net of tax)	\$ (54)	\$ (4)	\$ (58)
Basic Earnings Per Share	\$ 2.64	\$ (0.10)	\$ 2.54
Diluted Earnings Per Share	\$ 2.33	\$ (0.10)	\$ 2.23
April 1 to June 30, 2012			
Pension and benefit expense	\$ 10	\$ 1	\$ 11
Finance expense	-	2	2
Tax recovery	(3)	(1)	(4)
	\$ 7	\$ 2	\$ 9
Actuarial loss on employee future benefits (net of tax)	\$ 25	\$ (2)	\$ 23
Basic and Diluted Earnings Per Share	\$ 0.63	\$ (0.06)	\$ 0.57
January 1 to June 30, 2013			
Pension and benefit expense	\$ 18	\$ 5	\$ 23
Finance expense	-	5	5
Tax recovery	(4)	(2)	(6)
	\$ 14	\$ 8	\$ 22
Actuarial loss (gain) on employee future benefits (net of tax)	\$ 2	\$ (8)	\$ (6)
Basic and Diluted Earnings Per Share	\$ 4.30	\$ (0.18)	\$ 4.12

January 1 to June 30, 2012	Previous standard	Change	Amended standard
Pension and benefit expense	\$ 20	\$ 2	\$ 22
Finance expense	-	4	4
Tax recovery	(6)	(2)	(8)
	\$ 14	\$ 4	\$ 18
Actuarial loss on employee future benefits (net of tax)	\$ 39	\$ (4)	\$ 35
Basic and Diluted Earnings Per Share	\$ 0.24	\$ (0.11)	\$ 0.13

There is no impact on balance sheet amounts or cash flows resulting from the amended standard.

4. Inventories

Inventories at June 30, 2013 were written down by \$7 million (March 31, 2013 - \$1 million; December 31, 2012 - \$3 million; June 30, 2012 - \$4 million) to reflect net realizable value being lower than cost.

5. Long-term debt and operating loans

Long-term debt

	June 30, 2013	December 31, 2012
US\$300 million senior notes due October 2014; interest at 5.2%	\$ 316	\$ 299
Note payable due in installments to 2020; interest at 5.5%	2	2
	318	301
Less:		
Deferred financing costs	(1)	(1)
	\$ 317	\$ 300

The fair value of the long-term debt is \$333 million (December 31, 2012 - \$313 million) based on rates available to us at the balance sheet date for long-term debt with similar terms and remaining maturities.

Operating loans

We have \$530 million in revolving lines of credit which were undrawn as at June 30, 2013 (December 31, 2012 - undrawn). Deferred financing costs of \$4 million are included in other assets at June 30, 2013 (December 31, 2012 - \$4 million).

Our revolving lines of credit include a \$500 million revolving credit facility which matures September 30, 2016, a \$25 million demand line of credit dedicated to letters of credit and a \$5 million demand line of credit dedicated to a jointly owned newsprint operation. Interest on the three facilities is payable at floating rates based on Prime, U.S. base, Bankers' Acceptances or

LIBOR at our option. As at June 30, 2013, letters of credit in the amount of \$45 million have been issued under these facilities.

The \$500 million revolving credit facility, the \$25 million demand line of credit and the US\$300 million senior notes are unsecured. The \$5 million joint operation demand line of credit is secured by that joint operation's current assets.

6. Other liabilities

	June 30, 2013	December 31, 2012
Post-retirement (note 7)	\$ 185	\$ 201
Reforestation	71	69
Decommissioning	20	16
Other	25	27
	\$ 301	\$ 313

7. Employee future benefits

We maintain defined benefit and defined contribution pension plans covering a majority of our employees. The defined benefit plans provide pension benefits based either on length of service or on earnings and length of service. We also provide group life insurance, medical and extended health benefits to certain employee groups.

The status of the defined benefit pension plans and other benefit plans, in aggregate, is as follows:

	June 30, 2013	December 31, 2012
Projected benefit obligations	\$ 1,243	\$ 1,219
Less fair value of plan assets	(1,058)	(1,018)
Post-retirement liability	\$ 185	\$ 201

The significant actuarial assumptions used to determine the period-ending benefit obligations and the benefit plan expense are as follows:

	June 30, 2013	March 31, 2013	December 31, 2012
Discount rate on net obligation	4.50%	4.00%	4.50%
Future compensation rate increase	3.50%	3.50%	3.50%

The change in the discount rate on obligations and the difference between the actual rate of return and the discount rate on plan assets generated a net actuarial gain (loss) on employee future benefits, included in other comprehensive earnings, as follows:

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Actuarial gain (loss)	\$ 77	\$ (30)	\$ 8	\$ (46)
Tax recovery (expense)	(19)	7	(2)	11
	\$ 58	\$ (23)	\$ 6	\$ (35)

8. **Finance expense**

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Interest expense	\$ (5)	\$ (5)	\$ (10)	\$ (10)
Accretion on long-term liabilities	(2)	(2)	(4)	(4)
	\$ (7)	\$ (7)	\$ (14)	\$ (14)

9. **Other income (expense)**

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Foreign exchange gain (loss) - net	\$ 5	\$ 1	\$ 9	\$ (1)
Increase in decommissioning obligations	-	-	(6)	-
Other	5	(1)	4	1
	\$ 10	\$ -	\$ 7	\$ -

10. **Tax provision**

The tax provision differs from the amount that would have resulted from applying the British Columbia statutory income tax rates to earnings before income taxes as follows:

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Income tax expense at statutory rate of 25.75% (2012 – 25%)	\$ (35)	\$ (8)	\$ (56)	\$ (2)
Non-taxable amounts	2	(3)	(5)	(4)
Rate differentials between jurisdictions and on specified activities	(4)	(1)	(8)	-
Recognized tax assets	16	5	30	4
Increase in statutory tax rate	(2)	-	(2)	-
Other	(1)	(1)	(1)	(1)
Tax provision	\$ (24)	\$ (8)	\$ (42)	\$ (3)

11. 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 and Class B Common shares outstanding.

Diluted earnings per share is calculated based on earnings available to Common shareholders adjusted to remove the actual share option expense (recovery) charged to earnings and after deducting a notional charge for share option expense assuming the use of the equity settled method, as set out below. The diluted weighted average number of shares is calculated using the treasury stock method. When earnings available to Common shareholders for diluted earnings per share are greater than earnings available to Common shareholders for basic earnings per share, the calculation is anti-dilutive and diluted earnings per share are deemed to be the same as basic earnings per share.

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
Earnings				
Basic	\$ 109	\$ 24	\$ 176	\$ 5
Share option expense (recovery)	(12)	8	15	15
Equity settled share option adjustment	-	-	(2)	(2)
Diluted	\$ 97	\$ 32	\$ 189	\$ 18
Weighted average number of shares (thousands)				
Basic	42,865	42,856	42,864	42,854
Share options	688	341	712	377
Diluted	43,553	43,197	43,576	43,231
Earnings per share (dollars)				
Basic	\$ 2.54	\$ 0.57	\$ 4.11	\$ 0.13
Diluted	\$ 2.23	\$ 0.57	\$ 4.11	\$ 0.13

12. Segmented information

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
April 1, 2013 to June 30, 2013					
Sales at market prices					
To external customers	\$ 592	\$ 119	\$ 189	\$ -	\$ 900
To other segments	22	1	-	-	
	<u>\$ 614</u>	<u>\$ 120</u>	<u>\$ 189</u>	<u>\$ -</u>	
EBITDA ¹	\$ 125	\$ 10	\$ 31	\$ 12	\$ 178
Amortization	(22)	(4)	(11)	-	(37)
Operating earnings	103	6	20	12	141
Finance expense	(3)	(1)	(3)	-	(7)
Exchange loss on long-term debt	-	-	-	(11)	(11)
Other income	6	-	4	-	10
Earnings before tax provision	<u>\$ 106</u>	<u>\$ 5</u>	<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ 133</u>

April 1, 2012 to June 30, 2012

Sales at market prices					
To external customers	\$ 453	\$ 112	\$ 209	\$ -	\$ 774
To other segments	17	2	-	-	
	<u>\$ 470</u>	<u>\$ 114</u>	<u>\$ 209</u>	<u>\$ -</u>	
EBITDA ¹	\$ 52	\$ 12	\$ 27	\$ (9)	\$ 82
Amortization	(20)	(4)	(12)	(1)	(37)
Operating earnings	32	8	15	(10)	45
Finance expense	(3)	(1)	(3)	-	(7)
Exchange loss on long-term debt	-	-	-	(6)	(6)
Other income (expense)	(1)	-	2	(1)	-
Earnings before tax provision	<u>\$ 28</u>	<u>\$ 7</u>	<u>\$ 14</u>	<u>\$ (17)</u>	<u>\$ 32</u>

1. **Non-IFRS measure:**

EBITDA is defined as operating earnings plus amortization.

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2013 to June 30, 2013					
Sales at market prices					
To external customers	\$ 1,153	\$ 234	\$ 376	\$ -	\$ 1,763
To other segments	40	3	-	-	
	\$ 1,193	\$ 237	\$ 376	\$ -	
EBITDA ¹	\$ 271	\$ 28	\$ 39	\$ (19)	\$ 319
Amortization	(46)	(8)	(23)	-	(77)
Operating earnings	225	20	16	(19)	242
Finance expense	(7)	(2)	(5)	-	(14)
Exchange loss on long-term debt	-	-	-	(17)	(17)
Other income (expense)	6	-	6	(5)	7
Earnings before tax provision	\$ 224	\$ 18	\$ 17	\$ (41)	\$ 218

January 1, 2012 to June 30, 2012

Sales at market prices					
To external customers	\$ 832	\$ 215	\$ 408	\$ -	\$ 1,455
To other segments	36	4	-	-	
	\$ 868	\$ 219	\$ 408	\$ -	
EBITDA ¹	\$ 45	\$ 17	\$ 57	\$ (20)	\$ 99
Amortization	(42)	(8)	(25)	(2)	(77)
Operating earnings	3	9	32	(22)	22
Finance expense	(7)	(2)	(5)	-	(14)
Other income (expense)	1	-	-	(1)	-
Earnings before tax provision	\$ (3)	\$ 7	\$ 27	\$ (23)	\$ 8

1. **Non-IFRS measure:**

EBITDA is defined as operating earnings plus amortization.

The geographic distribution of external sales is as follows ¹:

	April 1 to June 30		January 1 to June 30	
	2013	2012	2013	2012
United States	\$ 456	\$ 375	\$ 891	\$ 693
Canada	215	180	424	349
China	130	136	269	252
Other Asia	78	58	134	107
Other	21	25	45	54
	\$ 900	\$ 774	\$ 1,763	\$ 1,455

1. Sales distribution is based on the location of product delivery by West Fraser.

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

For more information:

Larry Hughes, Vice-President, Finance and Chief Financial Officer

Rodger Hutchinson, Vice-President, Corporate Controller

(604) 895-2700

www.westfraser.com