West Fraser Timber Co. Ltd

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NEWS RELEASE

WEST FRASER TIMBER CO. LTD.
("WFT")

Friday, April 24, 2009

West Fraser Announces First Quarter Results

Vancouver, BC – **West Fraser Timber Co. Ltd.** today reported a loss of $83 million or $1.94 per share on sales of $619 million in the first quarter of 2009.

These results compare with previous periods as follows:

($ million except Diluted earnings per share ("EPS"))	2009	2008	
	Q1	Q4	Q1
Sales	619	746	772
EBITDA[1]	(18)	10	(31)
Operating loss	(90)	(64)	(103)
Earnings (loss)	(83)	(70)	(69)
Diluted EPS ($)	(1.94)	(1.63)	(1.60)

Hank Ketcham, West Fraser's Chairman, President and CEO stated: "Despite our poor earnings, we have maintained a strong balance sheet and substantial liquidity. This is the result of the continuous focus by our people on cost control and efficiency."

Operational Results

The Company's lumber operations recorded EBITDA for the quarter of negative $47 million, compared to EBITDA of negative $48 million for the fourth quarter of 2008, reflecting a decline in the price of lumber offset by lower log costs and the timing and impact of inventory write-downs. The average benchmark price of SPF lumber declined by $30 per Mfbm from the previous quarter and the average benchmark price of SYP lumber declined by $34 per Mfbm

[1] *Throughout this News Release, reference is made to EBITDA (defined as operating earnings plus amortization). Management of the Company believes that, in addition to earnings, EBITDA is a useful performance indicator and is a useful complementary measure of cash available prior to debt service, capital expenditures and income taxes. However, EBITDA is not a generally accepted earnings measure under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by Canadian GAAP. Investors are cautioned that EBITDA should not be considered as an alternative to earnings or cash flow, as determined in accordance with Canadian GAAP, as an indicator of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. As there is no standardized method of calculating EBITDA, the Company's method of calculating EBITDA may differ from the methods used by other entities and, accordingly, the Company's use of that term may not be directly comparable to similarly titled measures used by other entities.*

compared to the previous quarter. Log and lumber inventory write-downs resulted in a net decrease in operating earnings of $8 million compared to $28 million in the previous quarter.

Panel operations generated EBITDA for the quarter of $7 million compared to $11 million in the previous quarter. Both Canadian plywood and MDF benchmark prices fell in the current quarter compared to the previous quarter.

Pulp and paper operations generated EBITDA of $17 million compared to $42 million in the previous quarter as prices for all pulp and paper products produced by the Company fell in response to sharply lower demand in the quarter.

Outlook

North American lumber markets continue to be extremely weak in spite of continuing significant production curtailments by West Fraser and other producers. Pulp and paper markets have weakened significantly due to the continuing poor world economy. Second quarter results will be affected by scheduled maintenance downtime at West Fraser's Kitimat and Cariboo facilities.

"Although we have seen an improvement from extremely low lumber prices, it is too early to talk about a recovery. Our markets and the economy in general continue to be fragile and our operating strategy will reflect this," said Mr. Ketcham.

The Company

West Fraser is an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp, linerboard, kraft paper and newsprint. The Company has approximately 8,500 employees and 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 included in the "Outlook" section. The latter, which are forward-looking statements, 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 the ability of the Company to execute its business plans, including those matters described in the 2008 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 the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances.

Conference Call

Investors are invited to listen to the quarterly conference call on Monday, April 27, 2009 at 8:30 a.m. Pacific Time (11:30 a.m. Eastern Time) by dialing 1-800-952-4972 (toll- free North America). The call may also be accessed through West Fraser's website at www.westfraser.com.

MANAGEMENT'S DISCUSSION & ANALYSIS

This discussion and analysis by West Fraser's management ("MD&A") of West Fraser's financial performance during the first quarter of 2009 should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes included in this quarterly report and the 2008 annual MD&A included in the Company's 2008 Annual Report. Dollar amounts are expressed in Canadian currency, unless otherwise indicated.

This MD&A contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results. The latter, which are forward-looking statements, 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. Forward-looking statements are included in the description of anticipated maintenance shutdowns under the heading "Pulp & Paper Segment" and under the headings "Business Outlook" and "New Accounting Pronouncements". Actual outcomes and results will depend on a number of factors that could affect the ability of the Company to execute its business plans, including those matters described under "Risks and Uncertainties" in the 2008 annual MD&A, and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements and the Company undertakes no obligation to publicly revise them to reflect subsequent events or circumstances.

Throughout this MD&A reference is made to EBITDA (defined as operating earnings plus amortization). Management of the Company believes that, in addition to earnings, EBITDA is a useful performance indicator and is a useful complementary measure of cash available prior to debt service, capital expenditures and income taxes. EBITDA is not a generally accepted earnings measure under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by Canadian GAAP. Investors are cautioned that EBITDA should not be considered as an alternative to earnings or cash flow, as determined in accordance with Canadian GAAP, as an indicator of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. As there is no standardized method of calculating EBITDA, the Company's method of calculating EBITDA may differ from the methods used by other entities and, accordingly, the Company's use of that term may not be directly comparable to similarly titled measures used by other entities.

This MD&A includes references to benchmark prices over selected periods for products of the type produced by West Fraser. These benchmark prices do not necessarily reflect the prices obtained by West Fraser for those products during such period. The information in this interim MD&A is as at April 24, 2009, unless otherwise indicated.

Production, Shipments and Financial Comparisons

	Q1 –09	Q4 –08	Q1 –08
Production			
Lumber – MMfbm			
SPF	**674**	794	861
SYP	**312**	321	456
	986	1,115	1,317
Plywood – MMsf (3/8" basis)	**184**	202	198
MDF – MMsf (3/4" basis)	**45**	45	61
LVL – Mcf	**434**	424	326
BCTMP – Mtonnes	**70**	104	150
NBSK – Mtonnes	**129**	135	121
Linerboard and Kraft Paper – Mtonnes	**112**	110	116
Newsprint – Mtonnes	**29**	31	32
Shipments			
Lumber – MMfbm			
SPF	**728**	852	844
SYP	**320**	316	435
	1,048	1,168	1,279
Plywood – MMsf (3/8" basis)	**170**	201	193
MDF – MMsf (3/4" basis)	**53**	46	61
LVL – Mcf	**403**	501	344
BCTMP – Mtonnes	**104**	93	158
NBSK – Mtonnes	**124**	114	111
Linerboard and Kraft Paper – Mtonnes	**78**	101	118
Newsprint – Mtonnes	**19**	31	32
Financial Comparisons - $ millions			
Sales	**619**	746	772
EBITDA	**(18)**	10	(31)
Amortization	**(72)**	(74)	(72)
Operating earnings	**(90)**	(64)	(103)
Interest expense – net	**(8)**	(9)	(10)
Exchange (loss) on long-term debt	**(13)**	(46)	(11)
Other income	**3**	16	8
Recovery of income taxes	**25**	33	47
Earnings	**(83)**	(70)	(69)
Cdn. $1.00 converted to U.S. – average	**0.803**	0.825	0.995

Selected Quarterly Information

($ millions, except earnings per share ("EPS") amounts which are in $)

	Q1-09	Q4-08	Q3-08	Q2-08	Q1-08	Q4-07	Q3-07	Q2-07
Sales	**619**	746	848	823	772	782	827	948
Earnings (loss)	**(83)**	(70)	(2)	4	(69)	(3)	(12)	(14)
Basic EPS	**(1.94)**	(1.63)	(0.05)	0.08	(1.60)	(0.07)	(0.28)	(0.35)
Diluted EPS	**(1.94)**	(1.63)	(0.05)	0.08	(1.60)	(0.07)	(0.28)	(0.35)

Discussion & Analysis

The Company's operating results continue to be affected by the poor housing market in the United States and an economy in the midst of the worst downturn in decades.

In spite of a nearly 50% reduction of North American lumber production from the peak levels of 2005, supply continued to exceed demand resulting in extremely low prices in the quarter. Lower log costs and the weaker Canadian dollar only partially offset the effect of lower lumber prices.

Both the panel and pulp & paper segments, while contributing cash, posted losses in the quarter. Average prices for plywood and pulp were lower than in the previous quarter and in the same quarter of 2008. The lower value of the Canadian dollar compared to the previous quarter and the first quarter of 2008 offset only part of the pulp price declines. Although fibre costs were lower, operating earnings declined significantly compared to the previous quarter.

In the first quarter of 2009 the following significant items were included in earnings:

- The translation of U.S. dollar-denominated debt resulted in a foreign exchange loss of $13 million (after tax $11 million or $0.26 per share).
- A loss on foreign currency contracts of $5 million was recorded (after tax $3 million or $0.08 per share).
- The impact of a statutory tax rate reduction combined with a valuation allowance resulted in a reduction to the tax recovery of $11 million or $0.26 per share.

The decrease in net interest expense from prior periods reflects lower debt levels and lower market interest rates.

The change in value of the Canadian dollar relative to the U.S. dollar during the periods presented resulted in the following foreign exchange gains and losses:

	Q1-09	Q4-08	Q1-08
Included in other income			
Translation of current monetary items	**5**	15	5
Unrealized gain (loss) on foreign currency contracts	**(5)**	2	-
Exchange loss on U.S. dollar-denominated long-term debt	**(13)**	(46)	(11)
Foreign exchange translation gain on investment in self-sustaining foreign operations	**16**	65	15

The results of the current quarter include a $25 million provision for recovery of income taxes compared to $33 million for the preceding quarter and $47 million for the first quarter of 2008. The current quarter's tax recovery includes $5 million related to a substantially-enacted B.C. tax rate reduction compared to nil for the preceding quarter and $6 million for the first quarter of 2008. The current quarter tax recovery was reduced by a valuation allowance of $16 million related to the future benefit of tax losses. Note 9 to the accompanying interim consolidated financial statements provides a reconciliation of the statutory income tax rate to the effective income tax rate.

Discussion & Analysis by Product Segment

Lumber Segment

	Q1-09	Q4-08	Q1-08
Sales - $ millions	**311**	385	379
EBITDA - $ millions	**(47)**	(48)	(72)
EBITDA margin - %	-	-	-
Operating earnings - $ millions	**(84)**	(86)	(108)
Benchmark prices (US$ per Mfbm)			
SPF #2 & Better 2 x 4[1]	**155**	185	203
SYP #2 West 2 x 4[2]	**243**	277	295

1. Source: Random Lengths – 2 x 4, #2 & Better – Net FOB mill.
2. Source: Random Lengths – 2 x 4 – Net FOB mill Westside.

The lumber segment continues to suffer significant losses as the U.S. housing market remains at historic lows. Although industry production curtailments increased substantially during the quarter, average lumber prices declined compared to the previous quarter and the first quarter of 2008. West Fraser has implemented indefinite curtailments and temporarily reduced production at a number of its operations. As at March 31, 2009 the indefinite curtailments represented, on an annualized basis, approximately 1,100 MMfbm of SPF lumber production in Canada and 700 MMfbm of SYP lumber production in the United States. Temporary reductions during the quarter amounted to approximately 140 MMfbm in Canada and 170 MMfbm in the U.S.

Operating losses in the current quarter and in the previous quarter were comparable. A significant decline in lumber prices and higher per unit conversion costs due to the production curtailments in the quarter were largely offset by a weaker Canadian dollar, lower log costs and lower freight costs due to reduced fuel surcharges and less significant inventory write-downs.

The operating earnings improvement of $24 million compared to the same quarter of 2008 reflected lower net inventory write-downs and log costs in the current quarter as well as the effect of the weaker Canadian dollar, offset in part by lower lumber prices and higher per unit conversion costs.

Both quota and purchased-log costs in Canada were lower in the quarter than in the previous quarter and in the same period last year as harvest costs fell and demand for logs weakened as a result of extensive sawmill curtailments.

Inventory Write-downs

A key characteristic of the Company's first quarter operations is the significant log inventory build up for its Canadian operations. Spring conditions in western Canada make log harvesting difficult, inefficient and, in some cases, impossible during most of the second quarter. In order to address this, log harvesting and deliveries are accelerated during the first quarter in order to accumulate a log inventory that will permit lumber manufacturing through the second quarter. The log inventory is valued as at the end of the quarter at the lower of cost and net realizable value which is based on lumber prices prevailing at the end of the quarter.

The net effect of the log and lumber quarter-ending inventory write-down in the current quarter, after taking into account the effect of the previous quarter's comparable write-down, was a charge against earnings of $8 million. The comparable charge was $28 million in the previous quarter and $29 million in the first quarter of 2008.

Panels Segment

	Q1-09	Q4-08	Q1-08
Sales - $ millions	**96**	104	107
EBITDA - $ millions	**7**	11	6
EBITDA margin - %	**7**	10	6
Operating earnings - $ millions	**(2)**	1	(3)
Benchmark price			
Plywood (per Msf 3/8" basis)[1] Cdn$	**311**	335	344
MDF (per Msf 3/4" basis)[2] US$	**507**	524	512

1. Source: Crow's Market Report – Delivered Toronto.
2. Source: Resource Information Systems, Inc. – MDF Western U.S. – Net FOB mill.

The Company's panels segment is comprised of its plywood, MDF and LVL operations.

Most of the Company's plywood production is sold in Canada. The slowdown of home construction in Canada in the latter half of 2008 caused the demand for plywood to decline. Plywood prices declined in the quarter and averaged lower compared to the previous quarter and the same period of 2008. Plywood production in the current quarter was lower than the comparable periods as a result of one-week production curtailments at the two B.C. plywood plants in the current quarter.

The decline in the North American housing and remodelling markets continued to adversely affect MDF prices, although the weaker Canadian dollar offset part of the price decline in the current quarter. Throughout the quarter the MDF plants operated at approximately 75% of capacity, which is similar to the previous quarter. In the first quarter of 2008 only one of the two MDF plants operated on a curtailed basis.

West Fraser's LVL plant continued to operate on a curtailed basis in the current quarter.

Pulp & Paper Segment

	Q1-09	Q4-08	Q1-08
Sales - $ millions	**212**	256	286
EBITDA - $ millions	**17**	42	32
EBITDA margin - %	**8**	16	11
Operating earnings - $ millions	**(7)**	17	7
Benchmark price			
NBSK (US$ per tonne)[1]	**673**	785	880
Linerboard (US$ per tonne)[2]	**637**	668	612
Newsprint (US$ per tonne)[3]	**725**	765	615

1. Source: Resource Information Systems, Inc. – U.S. list price delivered U.S.
2. Source: Pulp & Paper Week – Unbleached linerboard kraft, East.
3. Source: Resource Information Systems, Inc. – delivered 48.8 gram newsprint.

Operating earnings in the pulp & paper segment declined from the previous quarter due mainly to the significant decline in demand and the resulting lower prices for the each of the Company's products.

The average price realized for pulp declined 15% compared to the prior quarter. Unit production costs increased by approximately 9% compared to the prior quarter largely as a result of further production curtailments at the BCTMP mills in the first quarter. In addition, low volatility in the electricity market in Alberta significantly reduced the profitability of the Company's power purchase interest, resulting in a net increase in electricity costs in the quarter compared to the previous quarter. The two NBSK mills did not implement any production curtailments in the quarter.

Pulp prices in the quarter were approximately 24% lower than the comparable quarter in 2008. This decline was partially offset by the weaker Canadian dollar compared to the first quarter of 2008. Unit pulp production costs were higher in the current quarter compared to the first quarter of 2008 due mainly to the effect of the production curtailments in the current quarter.

Prices declined for both linerboard and kraft paper. Markets for linerboard and kraft paper deteriorated in the quarter as a result of the global economic slowdown, resulting in significantly reduced shipments. Unit production costs at the Eurocan linerboard and kraft paper mill were lower than the previous quarter reflecting the higher production and lower fibre costs in the current quarter.

Linerboard prices were marginally higher in the current quarter compared to the first quarter of 2008. Mill net realizations for both linerboard and kraft paper were also higher as a result of the weaker Canadian dollar in the current quarter. Production volume was consistent with production volume in the first quarter of 2008 although unit production costs were down 6% as fibre and energy costs declined.

Newsprint prices and shipments were significantly lower in the quarter compared to the previous quarter and to the comparable period in 2008 as consumption in North America declined in response to the poor economic conditions and several publisher closures. Newsprint production costs were slightly higher in the quarter compared to the previous quarter as lower profitability of the power purchase interest resulted in higher net electricity costs compared to previous periods.

Annual maintenance shutdowns are planned for the second quarter at the Cariboo Pulp mill and the Eurocan linerboard and kraft paper mill. NBSK production is anticipated to be lower by approximately 5,000 tonnes as a result of the Cariboo Pulp mill shutdown. Although the scheduled maintenance shutdown of the Eurocan mill is 14 days, it will be extended by a further 21 days, reflecting the very weak linerboard and kraft paper markets. In all, it is expected that linerboard and kraft paper production will be reduced by approximately 50,000 tonnes in the second quarter, reducing inventories to more normal levels.

Business Outlook

For a detailed description of West Fraser's business outlook see its 2008 annual MD&A under "Business Outlook", which is included in the Company's 2008 Annual Report.

The decline in housing starts in the US has slowed. Home values in North America have declined substantially which, along with low mortgage rates, has resulted in increased activity in existing home sales. Until the existing inventory of unsold houses declines to more normal levels, it is unlikely that new home construction will increase significantly. Until housing starts begin to increase, demand and prices for lumber, plywood, LVL and MDF will remain low and production will likely remain curtailed.

Demand for pulp and paper will be driven by the strength of the economies in the consuming countries. Until these economies rebound, the demand for pulp and paper products will remain weak and prices will remain low. Continued weakness in these markets may result in more production curtailments.

Capital Requirements and Liquidity

Summary of Financial Position ($ millions, except as otherwise indicated)

	Q1-09	Q4-08	Q1-08
Cash[1]	**(2)**	4	(7)
Current assets	**857**	841	952
Current liabilities	**616**	482	585
Ratio of current assets to current liabilities	**1.4**	1.7	1.6
Net debt	**684**	642	771
Shareholders' equity	**1,957**	2,030	2,039
Net debt to capitalization[2] - %	**26**	24	27

1. Cash consists of cash and short-term investments less cheques issued in excess of funds on deposit.
2. Net debt (total debt less net cash) divided by net debt plus shareholders' equity.

West Fraser's cash requirements, other than for operating purposes, are primarily for interest payments, repayment of debt, additions to property, plant, equipment and timber, acquisitions and payment of dividends. In normal business cycles and in years without a major acquisition or debt repayment, cash on hand and cash provided by operations have normally been sufficient to meet these requirements.

Selected Cash Flow Items ($ millions)

	Q1-09	Q4-08	Q1-08
Operating Activities			
Cash provided (used) before working capital changes	**(6)**	25	(3)
Non-cash working capital change	**(10)**	(28)	(43)
Cash used in operating activities	**(16)**	(3)	(46)
Financing Activities			
Debt and operating loans	**22**	12	60
Dividends and other	**(6)**	(6)	(6)
Cash provided by (used in) financing activities	**16**	6	54
Investing Activities			
Additions to property, plant, equipment & timber	**(6)**	(10)	(14)
Other – net	**-**	3	3
Cash used in investing activities	**(6)**	(7)	(11)
Change in cash	**(6)**	(4)	(3)

Capital Structure and Debt Ratings

At March 31, 2009 the combined number of Common shares and Class B common shares outstanding was 42,805,086 representing 39,998,608 of Common shares and 2,806,478 of Class B common shares.

All of West Fraser's debt, other than current borrowings incurred from time to time for its joint-venture newsprint mill, is unsecured and ranks equally in right of payment.

In March 2009 one of the debt rating agencies, Standard & Poor's, downgraded the Company's rating from BBB- with a negative outlook to BB+ with a negative outlook. The action taken by Standard and Poor's largely reflects its outlook for the U.S. housing market. In April 2009 the Dominion Bond Rating Service changed its outlook to negative but maintained its investment grade rating on the Company's debt.

Debt Ratings

Agency	**Rating**	Outlook
Dominion Bond Rating Service	BBB-	Negative
Moody's	Baa3	Negative
Standard & Poor's	BB+	Negative

Risks and Uncertainties

For a review of the risks and uncertainties to which the Company is subject, see the 2008 annual MD&A which is included in the Company's 2008 Annual Report.

New Accounting Pronouncements

In February, 2008 the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace Canada's current generally accepted accounting principles for publicly accountable profit-oriented enterprises effective January 1, 2011. For comparative purposes, amounts reported for the year ending December 31, 2010 will require restatement.

West Fraser is currently in the process of identifying the differences between Canadian GAAP and IFRS and identifying how these differences may affect the reporting of the Company's financial results. A project plan is being developed and resource and training requirements are being assessed. Over the next two years changes will be implemented and work performed to ensure the accuracy and effectiveness of the transition to IFRS. At this time it is not possible to determine how reporting according to IFRS will affect future financial statements.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

West Fraser's management, including the Chairman, President and Chief Executive Officer and the Executive Vice-President, Finance and Chief Financial Officer acknowledge responsibility for the design of disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) as those terms are defined in NI52-109.

There were no changes in internal controls over financial reporting that occurred during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect West Fraser's internal control over financial reporting.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

West Fraser Timber Co. Ltd.
CONSOLIDATED BALANCE SHEETS
(in millions of Canadian dollars - unaudited)

		As at March 31, 2009		As at December 31, 2008
ASSETS				
Current assets				
Cash and short-term investments	**$**	**21.6**	$	20.2
Accounts receivable		**230.6**		253.0
Income taxes receivable		**8.5**		26.8
Inventories (note 3)		**571.4**		511.6
Prepaid expenses		**25.3**		29.0
		857.4		840.6
Property, plant, equipment and timber		**1,988.8**		2,040.8
Deferred pension costs		**77.6**		78.1
Goodwill		**263.7**		263.7
Other assets (note 4)		**98.5**		101.2
Future income taxes		**90.3**		87.2
	$	**3,376.3**	$	3,411.6
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Cheques issued in excess of funds on deposit	**$**	**23.8**	$	16.5
Operating loans (note 5)		**53.1**		29.7
Accounts payable and accrued liabilities		**244.4**		241.4
Current portion of reforestation obligations		**44.1**		44.1
Current portion of long-term debt (note 5)		**250.3**		150.3
		615.7		482.0
Long-term debt (note 5)		**378.3**		465.3
Other liabilities (note 6)		**178.1**		167.5
Future income taxes		**246.9**		266.8
		1,419.0		1,381.6
Shareholders' equity				
Share capital		**599.4**		599.4
Accumulated other comprehensive earnings (note 7)		**18.1**		1.7
Retained earnings		**1,339.8**		1,428.9
		1,957.3		2,030.0
	$	**3,376.3**	$	3,411.6

Number of Common shares and Class B Common shares outstanding at April 23, 2009 was 42,805,086.

West Fraser Timber Co. Ltd.
CONSOLIDATED STATEMENTS OF EARNINGS
(in millions of Canadian dollars - unaudited)

	January 1 to March 31 **2009**	2008
Sales	**$ 619.3**	$ 771.8
Costs and expenses		
Cost of products sold	**494.2**	633.6
Freight and other distribution costs	**108.5**	126.2
Export taxes	**9.3**	14.7
Amortization	**71.4**	71.8
Selling, general and administration	**25.7**	28.4
	709.1	874.7
Operating earnings	**(89.8)**	(102.9)
Other		
Interest expense - net	**(8.5)**	(10.1)
Exchange loss on long-term debt	**(13.0)**	(10.6)
Other income	**3.1**	8.0
Earnings before income taxes	**(108.2)**	(115.6)
Recovery of income taxes (note 9)	**25.1**	47.0
Earnings	**$ (83.1)**	$ (68.6)
Earnings per share *(dollars)* (note 10)		
Basic and diluted	**$ (1.94)**	$ (1.60)

West Fraser Timber Co. Ltd.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND COMPREHENSIVE EARNINGS

(in millions of Canadian dollars - unaudited)

	January 1 to March 31	
	2009	2008
RETAINED EARNINGS		
Balance - beginning of period	**$ 1,428.9**	$ 1,583.0
Change in accounting	**-**	9.6
Earnings	**(83.1)**	(68.6)
	1,345.8	1,524.0
Dividends	**(6.0)**	(6.0)
Balance - end of period	**$ 1,339.8**	$ 1,518.0

COMPREHENSIVE EARNINGS		
Earnings	**$ (83.1)**	$ (68.6)
Other comprehensive earnings		
Unrealized foreign exchange translation gain on investment in self-sustaining foreign operations	**16.4**	14.6
Comprehensive earnings	**$ (66.7)**	$ (54.0)

West Fraser Timber Co. Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions of Canadian dollars - unaudited)

	January 1 to March 31	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings	**$ (83.1)**	$ (68.6)
Items not affecting cash		
Amortization	**71.4**	71.8
Exchange loss on long-term debt	**13.0**	10.6
Loss (gain) on asset sales	**(0.2)**	0.1
Change in reforestation obligations	**11.0**	12.7
Change in other long-term liabilities	**(0.6)**	0.2
Change in deferred charges	**1.0**	(0.7)
Future income taxes	**(19.9)**	(28.9)
Other	**1.8**	0.2
	(5.6)	(2.6)
Net change in non-cash working capital items	**(10.7)**	(42.9)
	(16.3)	(45.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	**(0.3)**	(0.6)
Proceeds from operating loans	**22.0**	60.2
Dividends	**(6.0)**	(6.0)
	15.7	53.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant, equipment and timber	**(6.2)**	(14.3)
Proceeds from disposals of property, plant, equipment and timber	**0.2**	0.6
Decrease in other assets	**0.7**	2.5
	(5.3)	(11.2)
Decrease in cash *	**(5.9)**	(3.1)
Cash - beginning of period	**3.7**	(3.7)
Cash - end of period	**$ (2.2)**	$ (6.8)

*Cash consists of cash and short-term investments less cheques issued in excess of funds on deposit.

Supplemental information:		
Interest paid	**$ 0.8**	$ 2.9
Income taxes received (paid) - net	**$ 24.4**	$ 56.8

West Fraser Timber Co. Ltd.
Notes to Consolidated Financial Statements
(figures are in millions of dollars except where indicated - unaudited)

1. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and do not contain all of the information that is required for annual financial statements. Accordingly, they should be read in conjunction with the consolidated annual financial statements for the year ended December 31, 2008.

These interim consolidated financial statements follow the same accounting policies and methods of their application as the December 31, 2008 consolidated annual financial statements.

2. NEW ACCOUNTING PRONOUNCEMENT

International Financial Reporting Standards

In February, 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards will replace Canada's current generally accepted accounting principles for publicly accountable profit-oriented enterprises on January 1, 2011. For comparative purposes, amounts reported for the year ended December 31, 2010 will require restatement. The Company is presently evaluating the effect these standards will have on its consolidated financial statements.

3. INVENTORIES

Inventories at March 31, 2009 were written down by $84.7 million (March 31, 2008 - $87.6 million) to reflect net realizable value being lower than cost.

4. OTHER ASSETS

	March 31, 2009	December 31, 2008
Power purchase agreement – net	**$ 86.0**	$ 87.8
Investments	**4.3**	4.4
Advances for timber and timber deposits	**8.2**	9.0
	$ 98.5	$ 101.2

5. LONG–TERM DEBT AND OPERATING LOANS

Long-term debt

	March 31, 2009	December 31, 2008
Debentures due October 2009; interest at 4.94%	**$ 150.0**	$ 150.0
Term note due March 2010; interest at floating rates[1]	**100.0**	100.0
US $300 million senior notes due October 2014; interest at 5.2%	**378.4**	365.4
Note payable due in instalments to 2020; interest at 5.5%	**2.5**	2.8
	630.9	618.2
Less:		
Current portion	**(250.3)**	(150.3)
Deferred financing costs	**(2.3)**	(2.6)
	$ 378.3	$ 465.3

1. Floating rates are based on Prime, US base, Bankers' Acceptances or LIBOR at the Company's option.

Operating loans

The Company has $605.0 million in revolving lines of credit available, of which $53.1 million (net of deferred financing costs of $3.2 million) was drawn as at March 31, 2009. 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 letters of credit in the amount of $30.7 million which are supported by this facility. The revolving lines of credit include a $600 million committed facility maturing in 2012.

6. OTHER LIABILITIES

	March 31, 2009	December 31, 2008
Post-retirement obligations	**$ 67.4**	$ 68.6
Timber damage deposits	**14.5**	14.0
Reforestation obligations – long-term	**74.9**	63.9
Other asset retirement obligations	**15.0**	14.8
Other long-term obligations	**6.3**	6.2
	$ 178.1	$ 167.5

7. ACCUMULATED OTHER COMPREHENSIVE EARNINGS

	March 31, 2009	December 31, 2008
Balance – beginning of period	**$ 1.7**	$ (93.2)
Unrealized foreign exchange translation gain on investment in self-sustaining foreign operations	**16.4**	94.9
Balance – end of period	**$ 18.1**	$ 1.7

8. EMPLOYEE FUTURE BENEFITS

The total benefit cost of the Company's defined benefit pension plans was $9.5 million for the three months ended March 31, 2009 (three months ended March 31, 2008 - $5.7 million).

9. INCOME TAXES

The Company's effective tax rate is as follows:

	January 1 to March 31			
	2009		2008	
	Amount	**%**	Amount	%
Income taxes at statutory rates	**$ 32.5**	**30.0**	$ 35.9	31.0
Non-taxable amounts	**(2.6)**	**(2.4)**	(1.7)	(1.4)
Rate differentials between jurisdictions and on specified activities	**5.2**	**4.8**	5.1	4.4
Rate differential on loss carry backs	**1.3**	**1.2**	1.3	1.1
Reduction in statutory income tax rates	**4.7**	**4.3**	6.4	5.5
Change in valuation allowance	**(16.0)**	**(14.7)**	-	-
Income tax recovery	**$ 25.1**	**23.2**	$ 47.0	40.6

10. 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 assume the exercise of share options using the treasury stock method.

	January 1 to March 31	
	2009	2008
Earnings available to shareholders	**$ (83.1)**	$ (68.6)
Weighted average number of shares (thousands)		
Weighted average shares – basic	**42,805**	42,799
Share options – treasury stock method	**53**	122
Weighted average shares - diluted	**42,858**	42,921
Earnings per share (dollars)		
Basic and diluted	**$ (1.94)**	$ (1.60)

11. FOREIGN EXCHANGE CONTRACTS

From time to time, the Company uses derivatives to manage its exposure to US dollar exchange fluctuations through the use of foreign currency options. The Company does not utilize derivative financial instruments for trading or speculative purposes and it does not apply hedge accounting.

The foreign currency contracts outstanding at March 31, 2009 were as follows:

	Purchased – Put options		Sold – Call options	
		Average rate		Average rate
Term	**US$**	**Cdn$/US$**	**US$**	**Cdn$/US$**
0 to 12 months	220.0	1.1508	220.0	1.3547

12. SEGMENTED INFORMATION

	Lumber	Panels	Pulp & paper	Corporate & other	Consolidated
January 1, 2009 to March 31, 2009					
Sales at market prices					
To external customers	**$ 311.0**	**$ 96.1**	**$ 212.2**	**$ -**	**$ 619.3**
To other segments	**23.9**	**1.7**	**-**	**-**	
	$ 334.9	**$ 97.8**	**$ 212.2**	**$ -**	
EBITDA [1]	**$ (47.1)**	**$ 7.0**	**$ 17.1**	**$ 4.6**	**$ (18.4)**
Amortization	**37.2**	**9.3**	**24.0**	**0.9**	**71.4**
Operating earnings	**(84.3)**	**(2.3)**	**(6.9)**	**3.7**	**(89.8)**
Interest expense - net	**(5.2)**	**(0.9)**	**(2.2)**	**(0.2)**	**(8.5)**
Exchange loss on long-term debt	**-**	**-**	**-**	**(13.0)**	**(13.0)**
Other income (expense)	**7.4**	**0.5**	**(0.4)**	**(4.4)**	**3.1**
Earnings before income taxes	**$ (82.1)**	**$ (2.7)**	**$ (9.5)**	**$ (13.9)**	**$ (108.2)**
January 1, 2008 to March 31, 2008					
Sales at market prices					
To external customers	$ 379.0	$ 107.3	$ 285.5	$ -	$ 771.8
To other segments	34.2	2.1	-	-	
	$ 413.2	$ 109.4	$ 285.5	$ -	
EBITDA [1]	$ (72.2)	$ 6.3	$ 32.0	$ 2.8	$ (31.1)
Amortization	36.2	9.5	25.2	0.9	71.8
Operating earnings	(108.4)	(3.2)	6.8	1.9	(102.9)
Interest expense - net	(5.7)	(1.3)	(2.7)	(0.4)	(10.1)
Exchange loss on long-term debt	-	-	-	(10.6)	(10.6)
Other income	2.8	0.4	4.5	0.3	8.0
Earnings before income taxes	$ (111.3)	$ (4.1)	$ 8.6	$ (8.8)	$ (115.6)

1 **Non GAAP measure:**
EBITDA is defined as operating earnings plus amortization.

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

For more information:

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