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# NEWS RELEASE

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

## Thursday, April 25, 2013

## West Fraser Announces First Quarter Results

Vancouver, B.C. – **West Fraser Timber Co. Ltd.** today reported earnings of $67 million or $1.57 per share on sales of $863 million in the first quarter of 2013. These results compare with previous periods as follows:

| ($ millions except earnings per share ("EPS")) | Q1-13 | Q4-12 | Q1-12 |
|---|---|---|---|
| Sales | 863 | 773 | 681 |
| EBITDA[1] | 141 | 75 | 17 |
| Operating earnings | 101 | 36 | (23) |
| Earnings (loss) | 67 | 20 | (19) |
| Basic EPS ($) | 1.57 | 0.46 | (0.45) |
| Adjusted earnings (loss)[2] | 103 | 51 | (13) |
| Adjusted basic EPS ($)[2] | 2.42 | 1.19 | (0.32) |

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 (loss) (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 first quarter 2013 results for details of these adjustments.

### Operational Results

In the quarter our lumber operations generated operating earnings of $122 million and EBITDA of $146 million. The improvement over the prior quarter reflects improved prices for SPF and SYP lumber.

The panel segment, which includes plywood, LVL and MDF, generated $14 million of operating earnings and EBITDA of $18 million in the quarter, reflecting higher plywood prices.

Pulp and paper operations generated an operating loss of $4 million in the quarter and EBITDA of $8 million. The decline from the prior quarter occurred despite the increase in pulp prices as the results were adversely affected by production issues at our NBSK mills.

**Outlook**

Both SPF and SYP lumber prices steadily improved throughout the quarter as we headed into the spring building season. B.C. and Alberta stumpage costs are set to increase in the next quarter but lumber productivity and cost improvements are expected to continue to improve over the next few quarters as we complete various major capital projects.

"We've been encouraged by the recovery of the U.S. housing market over the last few quarters", West Fraser's President and CEO Ted Seraphim said. "Our outlook remains cautiously optimistic for all our building products."

**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.

**The Company**

West Fraser is an integrated wood products company producing lumber, wood chips, LVL, MDF, plywood, pulp and newsprint. The Company has 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", 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 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 the Company undertakes 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 Friday, April 26, 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 West Fraser's website at www.westfraser.com.

**West Fraser Timber Co. Ltd.**

Condensed Consolidated Balance Sheets

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

| | March 31 2013 | December 31 2012 |
|---|---|---|
| **Assets** | | |
| **Current assets** | | |
| Cash and short-term investments | **$ 61** | $ 102 |
| Receivables | **329** | 251 |
| Inventories (note 4) | **572** | 459 |
| Prepaid expenses | **16** | 11 |
| | **978** | 823 |
| **Property, plant and equipment** | **974** | 959 |
| **Timber licences** | **492** | 496 |
| **Goodwill and other intangibles** | **327** | 330 |
| **Other assets** | **9** | 10 |
| | **$ 2,780** | $ 2,618 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Cheques issued in excess of funds on deposit | **$ 11** | $ - |
| Payables and accrued liabilities | **371** | 322 |
| Income taxes payable | **31** | 20 |
| Reforestation and decommissioning obligations | **42** | 43 |
| | **455** | 385 |
| **Long-term debt** (note 5) | **306** | 300 |
| **Other liabilities** (note 6) | **407** | 313 |
| **Deferred income taxes** | **106** | 128 |
| | **1,274** | 1,126 |
| **Shareholders' Equity** | | |
| Share capital | **602** | 602 |
| Accumulated other comprehensive earnings | **(4)** | (9) |
| Retained earnings | **908** | 899 |
| | **1,506** | 1,492 |
| | **$ 2,780** | $ 2,618 |

Number of Common shares and Class B Common shares outstanding at April 25, 2013 was 42,864,668.

**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Changes in Shareholders' Equity

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

| | January 1 to March 31 | |
|---|---|---|
| | **2013** | 2012 |
| **Share capital** | | |
| Balance - beginning and end of period | **$ 602** | $ 601 |
| **Accumulated other comprehensive earnings** | | |
| Balance - beginning of period | **$ (9)** | $ (6) |
| Translation gain (loss) on foreign operations | **5** | (4) |
| Balance - end of period | **$ (4)** | $ (10) |
| **Retained earnings** | | |
| Balance - beginning of period | **$ 899** | $ 888 |
| Actuarial loss on employee future benefits (net of tax) | **(52)** | (12) |
| Earnings for the period | **67** | (19) |
| Dividends | **(6)** | (6) |
| Balance - end of period | **$ 908** | $ 851 |
| **Shareholders' equity** | **$ 1,506** | $ 1,442 |

**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Earnings and Comprehensive Earnings

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

| | | January 1 to March 31 | | |
|---|---|---|---|---|
| | | **2013** | | 2012 |
| **Sales** | **$** | **863** | $ | 681 |
| **Costs and expenses** | | | | |
| Cost of products sold | | **541** | | 496 |
| Freight and other distribution costs | | **117** | | 117 |
| Export taxes | | **-** | | 13 |
| Amortization | | **40** | | 40 |
| Selling, general and administration | | **32** | | 26 |
| Equity-based compensation | | **32** | | 12 |
| | | **762** | | 704 |
| **Operating earnings** | | **101** | | (23) |
| Finance expense (note 8) | | **(7)** | | (7) |
| Exchange gain (loss) on long-term debt | | **(6)** | | 6 |
| Other expense (note 9) | | **(3)** | | - |
| **Earnings before tax provision** | | **85** | | (24) |
| Tax recovery (provision) (note 10) | | **(18)** | | 5 |
| **Earnings** | **$** | **67** | $ | (19) |
| **Earnings per share** (dollars) (note 11) | | | | |
| Basic | **$** | **1.57** | $ | (0.45) |
| Diluted | **$** | **1.57** | $ | (0.45) |
| **Comprehensive earnings** | | | | |
| Earnings | **$** | **67** | $ | (19) |
| **Other comprehensive earnings** | | | | |
| Translation gain (loss) on foreign operations [1] | | **5** | | (4) |
| Actuarial loss on employee future benefits [2] | | **(52)** | | (12) |
| **Comprehensive earnings** | **$** | **20** | $ | (35) |

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

2. Not reclassified through earnings. Net of income tax of $17 million (three months ended March 31, 2012 - $4 million).

**West Fraser Timber Co. Ltd.**

Condensed Consolidated Statements of Cash Flows

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

| | January 1 to March 31 | |
|---|---|---|
| | **2013** | 2012 |
| **Operating activities** | | |
| Earnings | **$ 67** | $ (19) |
| Adjustments | | |
| Amortization | **40** | 40 |
| Finance expense | **7** | 7 |
| Exchange loss (gain) on long-term debt | **6** | (6) |
| Tax provision (recovery) | **18** | (5) |
| Income taxes received (paid) | **(12)** | 4 |
| Reforestation and decommissioning obligations | **18** | 12 |
| Employee future benefits expense | **12** | 10 |
| Contributions to employee future benefit plans | **(6)** | (4) |
| Other | **-** | (1) |
| Changes in non-cash working capital | | |
| Receivables | **(77)** | (50) |
| Inventories | **(112)** | (80) |
| Prepaid expenses | **(5)** | (3) |
| Payables and accrued liabilities | **46** | 26 |
| **Cash flows from operating activities** | **2** | (69) |
| | | |
| **Financing activities** | | |
| Proceeds from operating loans | **-** | 56 |
| Finance charges paid | **(1)** | (1) |
| Dividends | **(6)** | (6) |
| Other | **-** | 1 |
| **Cash flows from financing activities** | **(7)** | 50 |
| | | |
| **Investing activities** | | |
| Additions to capital assets | **(49)** | (51) |
| Proceeds from Green Transformation Program | **1** | 16 |
| Proceeds from disposal of capital assets | **1** | 2 |
| **Cash flows from investing activities** | **(47)** | (33) |
| | | |
| **Change in cash** | **(52)** | (52) |
| **Cash - beginning of period** | **102** | 68 |
| **Cash - end of period** | **$ 50** | $ 16 |
| | | |
| **Cash consists of** | | |
| Cash and short-term investments | **$ 61** | $ 30 |
| Cheques issued in excess of funds on deposit | **(11)** | (14) |
| | **$ 50** | $ 16 |

**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 for the periods indicated is as follows:

| January 1 to March 31, 2013 | | Previous standard | | Change | | Amended standard |
|---|---|---|---|---|---|---|
| Pension and benefit expense | $ | 9 | $ | 3 | $ | 12 |
| Finance expense | | - | | 2 | | 2 |
| Tax recovery | | (2) | | (1) | | (3) |
| | $ | 7 | $ | 4 | $ | 11 |
| Actuarial loss on employee future benefits (net of tax) | $ | 56 | $ | (4) | $ | 52 |
| Basic and Diluted Earnings Per Share | $ | 1.67 | $ | (0.10) | $ | 1.57 |

| January 1 to March 31, 2012 | | Previous standard | | Change | | Amended standard |
|---|---|---|---|---|---|---|
| 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) | $ | 14 | $ | (2) | $ | 12 |
| Basic and Diluted Earnings Per Share | $ | (0.39) | $ | (0.06) | $ | (0.45) |

| January 1 to December 31, 2012 | | Previous standard | | Change | | Amended standard |
|---|---|---|---|---|---|---|
| Pension and benefit expense | $ | 39 | $ | 4 | $ | 43 |
| Finance expense | | - | | 9 | | 9 |
| Tax recovery | | (10) | | (3) | | (13) |
| | $ | 29 | $ | 10 | $ | 39 |
| Actuarial loss on employee future benefits (net of tax) | $ | 52 | $ | (10) | $ | 42 |
| Basic and Diluted Earnings Per Share | $ | 2.02 | $ | (0.22) | $ | 1.80 |

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

## 4. Inventories

Inventories at March 31, 2013 were written down by $1 million (December 31, 2012 - $3 million; March 31, 2012 - $20 million) to reflect net realizable value being lower than cost.

## 5. Long-term debt and operating loans

### Long-term debt

| | **March 31, 2013** | December 31, 2012 |
|---|---|---|
| US$300 million senior notes due October 2014; interest at 5.2% | **$ 305** | $ 299 |
| Note payable due in installments to 2020; interest at 5.5% | **2** | 2 |
| | **307** | 301 |
| Less: | | |
| Deferred financing costs | **(1)** | (1) |
| | **$ 306** | $ 300 |

The fair value of the long-term debt is $323 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 March 31, 2013 (December 31, 2012 - undrawn). Deferred financing costs of $4 million are included in other assets at March 31, 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 March 31, 2013, letters of credit in the amount of $46 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 were secured by West Fraser's assets at March 31, 2013. In April 2013, these facilities became unsecured following a rating upgrade to investment grade from one of our external debt rating agencies. The $5 million joint operation demand line of credit is secured by that joint operation's current assets.

## 6. Other liabilities

| | | **March 31, 2013** | | December 31, 2012 |
|---|---|---|---|---|
| Post-retirement (note 7) | **$** | **277** | $ | 201 |
| Reforestation | | **82** | | 69 |
| Decommissioning | | **21** | | 16 |
| Other | | **27** | | 27 |
| | **$** | **407** | $ | 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:

| | | **March 31, 2013** | | December 31, 2012 |
|---|---|---|---|---|
| Projected benefit obligations | **$** | **1,324** | $ | 1,219 |
| Less fair value of plan assets | | **(1,047)** | | (1,018) |
| Post-retirement liability | **$** | **277** | $ | 201 |

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

| | **March 31, 2013** | December 31, 2012 | March 31, 2012 |
|---|---|---|---|
| Discount rate on net obligation | **4.00%** | 4.50% | 4.75% |
| 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 loss on employee future benefits, included in other comprehensive earnings, as follows:

| | | January 1 to March 31 | | |
|---|---|---|---|---|
| | | **2013** | | 2012 |
| Actuarial loss | **$** | **(69)** | $ | (16) |
| Tax recovery on actuarial loss | | **17** | | 4 |
| | **$** | **(52)** | $ | (12) |

## 8. Finance expense

| | | January 1 to March 31 | | |
|---|---|---|---|---|
| | | **2013** | | 2012 |
| Interest expense | **$** | **(5)** | $ | (5) |
| Accretion on long-term liabilities | | **(2)** | | (2) |
| | **$** | **(7)** | $ | (7) |

## 9. Other income (expense)

| | | January 1 to March 31 | | |
|---|---|---|---|---|
| | | **2013** | | 2012 |
| Foreign exchange gain (loss) - net | **$** | **4** | $ | (2) |
| Increase in decommissioning obligations | | **(6)** | | - |
| Other | | **(1)** | | 2 |
| | **$** | **(3)** | $ | - |

## 10. Tax provision

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

| | | January 1 to March 31 | | |
|---|---|---|---|---|
| | | **2013** | | 2012 |
| Income tax expense at statutory rate of 25% | **$** | **(21)** | $ | 6 |
| Non-taxable amounts | | **(7)** | | (1) |
| Rate differentials between jurisdictions and on specified activities | | **(4)** | | 1 |
| Recognized (unrecognized) tax assets | | **14** | | (1) |
| Tax recovery (provision) | **$** | **(18)** | $ | 5 |

## 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.

| | January 1 to March 31 | |
|---|---|---|
| | **2013** | 2012 |
| **Earnings** | | |
| Basic | **$ 67** | $ (19) |
| Share option expense | **27** | 7 |
| Equity settled share option adjustment | **(2)** | (2) |
| Diluted | **$ 92** | $ (14) |
| **Weighted average number of shares** (thousands) | | |
| Basic | **42,864** | 42,851 |
| Share options | **715** | 409 |
| Diluted | **43,579** | 43,260 |
| **Earnings per share** (dollars) | | |
| Basic | **$ 1.57** | $ (0.45) |
| Diluted | **$ 1.57** | $ (0.45) |

## 12. Segmented information

| | Lumber | Panels | Pulp & paper | Corporate & other | Consolidated |
|---|---|---|---|---|---|
| **January 1, 2013 to March 31, 2013** | | | | | |
| Sales at market prices | | | | | |
| To external customers | **$ 561** | **$ 115** | **$ 187** | **$ -** | **$ 863** |
| To other segments | **18** | **2** | **-** | **-** | |
| | **$ 579** | **$ 117** | **$ 187** | **$ -** | |
| EBITDA [1] | **$ 146** | **$ 18** | **$ 8** | **$ (31)** | **$ 141** |
| Amortization | **(24)** | **(4)** | **(12)** | **-** | **(40)** |
| Operating earnings | **122** | **14** | **(4)** | **(31)** | **101** |
| Finance expense | **(4)** | **(1)** | **(2)** | **-** | **(7)** |
| Exchange loss on long-term debt | **-** | **-** | **-** | **(6)** | **(6)** |
| Other income (expense) | **-** | **-** | **2** | **(5)** | **(3)** |
| Earnings before tax provision | **$ 118** | **$ 13** | **$ (4)** | **$ (42)** | **$ 85** |
| **January 1, 2012 to March 31, 2012** | | | | | |
| Sales at market prices | | | | | |
| To external customers | $ 379 | $ 103 | $ 199 | $ - | $ 681 |
| To other segments | 19 | 2 | - | - | |
| | $ 398 | $ 105 | $ 199 | $ - | |
| EBITDA [1] | $ (7) | $ 5 | $ 30 | $ (11) | $ 17 |
| Amortization | (22) | (4) | (13) | (1) | (40) |
| Operating earnings | (29) | 1 | 17 | (12) | (23) |
| Finance expense | (4) | (1) | (2) | - | (7) |
| Exchange gain on long-term debt | - | - | - | 6 | 6 |
| Other income (expense) | 2 | - | (2) | - | - |
| Earnings before tax provision | $ (31) | $ - | $ 13 | $ (6) | $ (24) |

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

The geographic distribution of external sales is as follows:

| | January 1 to March 31[1] 2013 | 2012 |
|---|---|---|
| United States | **$ 435** | $ 318 |
| Canada | **209** | 169 |
| China | **139** | 116 |
| Other Asia | **56** | 49 |
| Other | **24** | 29 |
| | **$ 863** | $ 681 |

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**:

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