



Global Forest and Paper Industry

Net Earnings Summary

Quarter ended September 30, 2004

This Net Earnings Summary is prepared by PricewaterhouseCoopers from financial statements issued by the companies. All comparative figures are against the third quarter of 2003, unless otherwise indicated.

Canada

Third quarter earnings of the Canadian forest and paper industry dramatically improved, returning to positive territory as the companies posted net income of CAD 874 million compared to a loss of CAD 22 million in 2003. Foreign exchange movements continued to play a significant role, as companies enjoyed pre-tax foreign exchange gains on U.S. dollar denominated debt of CAD 505 million in the quarter. These were driven by the strengthening of the Canadian dollar in relation to the US dollar by 4% on average over the second quarter of 2004. The impact on earnings of these foreign exchange debt gains was offset by the negative impact of the stronger currency on the conversion of product prices to Canadian dollars.

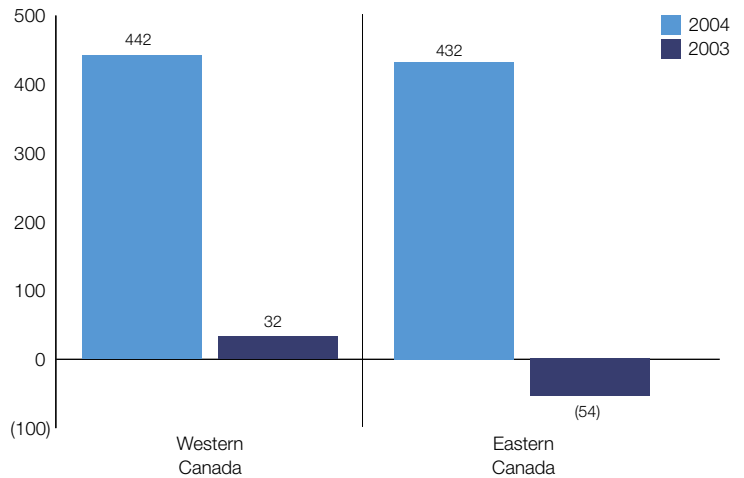
Each one cent increase in the CAD versus the USD results in a decline of approximately CAD 500 million in revenue for the entire Canadian forest and paper industry.

Western Canada

Eight of the nine largest public forest and paper companies based in Western Canada enjoyed positive results during the third quarter. In aggregate, Western Canadian net earnings were up fourteen-fold at CAD 442 million (2003 – CAD 32 million). Foreign exchange gains of CAD 155 million (pre-tax) were recognized by the nine companies during the quarter. Offsetting those gains were record countervailing and anti-dumping duties as a result of record shipments.

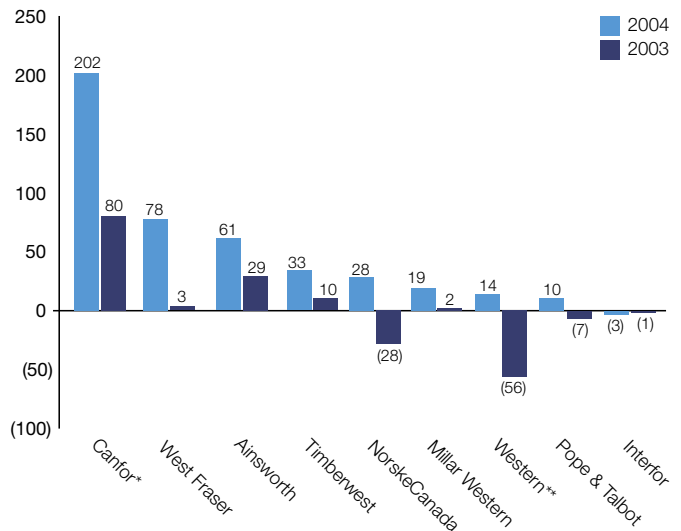
Net Earnings—Canada

(Quarter ended September 30, 2004—CAD millions)



Net Earnings—Western Canada

(Quarter ended September 30, 2004—CAD millions)



* Canfor's 2003 results include an after-tax gain on sale of BC Chemicals of \$61 million.

** Western Forest Products 2004 results are for the period July 28, 2004 to September 30, 2004, while their 2003 results are for the third quarter ended September 30, 2003 from its predecessor company, Doman Industries Ltd.

Net Earnings Summary

Quarter ended September 30, 2004

Eastern Canada

The six largest public forest and paper companies based in Eastern Canada reported net earnings of CAD 432 million in 2004, up significantly from a loss of CAD 54 million in 2003. With a larger amount of U.S. dollar denominated debt than their Western counterparts, Eastern companies are more sensitive to movements in exchange rates, enjoying pre-tax foreign exchange gains of CAD 349 million on U.S. dollar denominated debt, compared to a gain of only CAD 5 million in 2003. However, like their Western counterparts, the stronger currency impacted revenues as a result of the conversion of product prices to Canadian dollars.

United States

Ten large public US-based forest and paper companies¹ saw an increase of 30% in net earnings this quarter to USD 985 million from USD 755 million in 2003. Earnings would have been significantly higher, if not for an after-tax charge of USD 757 million taken by International Paper on the pending sale of its Weldwood of Canada business unit.

Europe

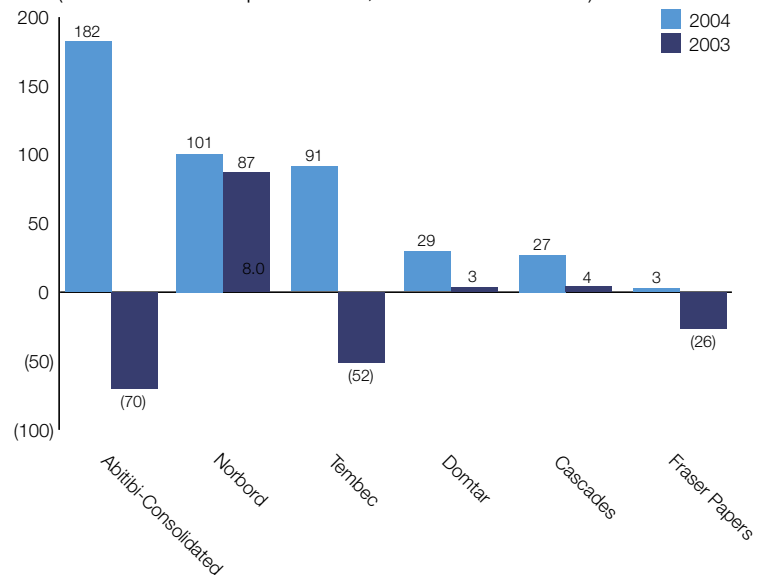
Seven large European-based forest and paper companies² reported net earnings of €394 million in the third quarter of 2004. This is a 79% increase over the net earnings of €220 million reported in 2003.

Notes

- Boise Cascade, Bowater, Georgia-Pacific, International Paper, Kimberly-Clark, MeadWestvaco, Smurfit-Stone, Sonoco, Temple-Inland and Weyerhaeuser.
- Ahlstrom, Jefferson Smurfit, Metsaliitto, Norske Skog, Stora Enso, Svenska Cellulosa and UPM.

Net Earnings—Eastern Canada

(Quarter ended September 30, 2004—CAD millions)



PricewaterhouseCoopers provides professional services to the forest and paper sector around the world. We provide audit and assurance, tax, and advisory services to 50% of the world's top 100 largest forest and paper companies.

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