

Global Forest and Paper Industry Net Earnings Summary

Three months ended June 30, 2011

This Net Earnings Summary is prepared by PwC based on financial statements issued by the noted companies. Canadian dollars are used unless otherwise noted. All comparative figures are with the three months ended June 30, 2010 unless otherwise specified.

Canada

Despite continued weakness in North American demand the flat US housing market, most Canadian forest and paper companies posted higher earnings for the second quarter of 2011 compared to the same period in 2010.

Stronger prices contributed to improved performance for many producers. The benefits of price increases were partially offset by the continued strengthening of the Canadian dollar which adversely impacted export sales denominated in US currency. On average, the Canadian dollar appreciated against the US dollar by 5.8% compared to the second quarter of 2010.

Five of the nine largest public forest and paper companies operating in Western Canada reported positive results for the second quarter of 2011. Net earnings totalling \$2.8 million were reported for the quarter, significantly higher than the net loss of \$253.3 million reported for the same period in 2010. The 2010 loss includes \$292.3 million of impairment and other costs incurred by Catalyst Paper Corporation with the permanent closure of the Elk Falls pulp and paper mill and its paper recycling operation.

Eastern Canadian based companies posted net earnings of \$242.1 million for the quarter compared to net losses of \$142.3 million for the second quarter of 2010. Three of the six companies reported improved results when compared to the same period in 2010. AbitibiBowater was under creditor protection in the second quarter 2010 and consequently the comparative results include reorganization items of \$152.1 million and interest expense of \$132.6 million. Cascades second quarter 2011 results include net earnings of \$108.0 million from a discontinued corrugated box plant operation.

Net Earnings (Loss): Western Canada \$ millions

Company	2011 Q2	2010 Q2 ¹
Canfor ²	\$26.2	\$43.7
Mercer International	20.0	16.2
Western Forest Prod.	12.1	9.8
West Fraser	10.3	66.7
Millar Western	3.5	2.4
Conifex	(3.6)	(2.4)
Interfor	(5.3)	(3.5)
Ainsworth	(13.0)	(17.8)
Catalyst Paper Corp.	(47.4)	(368.4)
Total CAD	\$2.8	(\$253.3)

¹ Comparative balances presented for 2010 have been restated under IFRS for companies that adopted IFRS on January 1, 2011.

² Represents net earnings of Canfor and Canfor Pulp.

Net Earnings (Loss): Eastern Canada \$ millions

Company	2011 Q2	2010 Q2 ¹
Cascades	\$117.0	\$28.0
AbitibiBowater ²	63.0	(289.1)
Domtar	55.8	30.2
Tembec	19.0	59.0
EACOM	(13.7)	(2.5)
Norbord	1.0	32.1
Total CAD	\$242.1	(\$142.3)

¹ Comparative balances presented for 2010 have been restated under IFRS for companies that adopted IFRS on January 1, 2011.

² Emerged from creditor protection in Canada and the US in December 2010.

United States

Ten of the largest US-based forest and paper companies reported net earnings of US \$712.8 million for the second quarter of 2011, up from US \$610.3 million in the second quarter of 2010. Included in the 2011 second quarter results for International Paper is a \$129.0 million impairment of their Consumer Packaging asset group for North America. Rock-Tenn acquired Smurfit-Stone Container Corporation during the second quarter of 2011; consolidated net earnings have been offset by the loss on extinguishment of debt of \$39.5 million and restructuring and other costs of \$55.5 million.

Net Earnings (Loss): United States US \$ millions

Company	2011 Q2	2010 Q2
Kimberly-Clark	\$408.0	\$498.0
International Paper	224.0	93.0
MeadWestvaco	89.0	50.0
Sonoco	53.4	59.0
Packaging Corp. of America	39.4	38.0
Graphic Packaging	32.1	(32.8)
Temple-Inland	19.0	20.0
Weyerhaeuser	10.0	14.0
Rock-Tenn	(30.1)	45.1
NewPage Corporation	(132.0)	(174.0)
Total USD	\$712.8	\$610.3

Europe

Ten of the largest European-based forest and paper companies reported overall earnings of €722.0 million for the second quarter of 2011, up from €507.7 million in the second quarter of 2010. A number of companies in the region posted improved earnings compared to the same period in 2010. UPM-Kymmene received net gains on available-for-sale investments in 2011 of €68.0 million compared to €1.0 million in 2010. Metsäliitto absorbed depreciation and impairment losses of €117.0 in 2011 (€60.0 in 2010). Norske Skog incurred financial expenses and other losses of €7.9 million in 2011 down from €118.3 million in 2010.

Net Earnings (Loss): Europe € millions

Company	2011 Q2	2010 Q2
UPM-Kymmene	€295.0	€169.0
Svenska Cellulosa (SCA)	153.8	150.5
Stora Enso	136.0	159.9
Portucel	46.2	58.1
Smurfit Kappa	39.0	(22.0)
Sequana Capital	35.0	6.0
Holmen	33.5	13.8
Mayr-Melnhof Karton	28.3	20.8
Metsäliitto	(9.0)	62.0
Norske Skog	(35.8)	(110.4)
Total EUR	€722.0	€507.7

Rest of the World

Ten of the largest forest and paper companies in Japan and emerging markets posted net earnings of US \$670.2 million, up from the comparable period for 2010 (US \$636.0 million profit). Results for a number of companies operating in Japan reflect the disruption to operations from the earthquake and tsunami in March 2011. Oji Paper second quarter results include extraordinary losses related to a loss on valuation of investment securities, special retirement expenses, and a loss on retirement of non-current assets and other items, of US \$38.6 million in 2011 (US \$25.9 million in 2010).

Net Earnings (Loss): Rest of World US \$ millions

Company	2011 Q2	2010 Q2
Arauco	\$183.1	\$174.7
Empresas CMPC	169.5	123.1
Fibria Celulose (Brazil)	134.7	72.4
Unicharm Corporation	113.0	66.8
Oji Paper	99.9	90.9
Rengo	48.1	53.1
Nippon Paper	19.7	41.3
Daio Paper	(8.6)	(1.2)
Sumitomo Forestry	(21.2)	(49.1)
Sappi	(68.0)	64.0
Total USD	\$670.2	\$636.0

Contacts

Forest, Paper & Packaging Practice

Bruce McIntyre

Vancouver, BC
604 806 7595

Ray Luchkow

Edmonton, AB
780 441 6846

Frédéric Bouchard

Montréal, QC
514 205 5079

PwC firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 161,000 people in 154 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

See www.pwc.com for more information.