

Net Earnings Summary

Quarter ended March 31, 2007

This Net Earnings Summary is prepared by PricewaterhouseCoopers from financial statements issued by the companies noted. Canadian dollars are used unless otherwise noted. All comparative figures are with the first quarter of 2006, unless otherwise indicated.

Canada

The downturn in US housing starts continued to have an adverse effect on demand and therefore prices for North American building materials. Earnings in the quarter were affected by sharp declines in prices for structural lumber and panel products, higher fibre costs and weaker paper prices compared to the same quarter in 2006. Strong prices for market pulp and a slight weakening of the Canadian dollar helped to partially offset losses.

Overall first quarter earnings in the Canadian industry dropped by \$938 million to a loss of \$152 million. In the same quarter of 2006 losses were \$1.1 billion, primarily due to write-downs. The Canadian dollar decreased against the US dollar by 1.5% over the first quarter of 2006. Companies experienced a pre-tax foreign exchange gain of \$77 million on the translation of US dollar denominated debt, compared to a loss of \$24 million in the first quarter of 2006.

Western Canada

Only four of the nine largest public forest and paper companies operating in Western Canada reported positive results. An aggregate net loss of \$85 million was reported, down from losses of \$8 million in the first quarter of 2006. Low prices for commodity lumber resulted in the payment of the maximum export tax (15%) on US bound shipments during the quarter.

Eastern Canada

The six largest public forest and paper companies based in Eastern Canada reported an aggregate net loss of \$66 million in 2007, down significantly from reported losses of \$1.1 billion recorded for the same period in 2006. Losses during the first quarter of 2006 included an after-tax charge of USD 749 million for the impairment of goodwill recorded by Domtar associated with the Weyerhaeuser Fine Paper Business. Low prices for commodity lumber resulted in the payment of the maximum export tax (5%) on US bound shipments during the quarter, in addition to the quota on its shipment volumes.

Net Earnings (Loss): Canada (Quarter Ended March 31, 2007)

Region	2007 Q1	2006 Q1
Western Canada	(\$85.3)	(\$7.5)
Eastern Canada	(66.2)	(1,081.5)
Total	(\$151.5)	(\$1,089.0)

Net Earnings (Loss): Western Canada (Quarter Ended March 31, 2007)

Company Name	2007 Q1	2006 Q1
TimberWest	\$24.6	\$23.8
Western Forest	7.2	(53.6)
Interfor	0.6	8.7
Millar Western	0.3	(1.2)
West Fraser	(5.1)	6.1
Pope & Talbot	(21.8)	(9.3)
Ainsworth	(22.8)	22.7
Catalyst Paper	(25.6)	(23.6)
Canfor	(42.7)	18.9
Total	(\$85.3)	(\$7.5)

Net Earnings (Loss): Eastern Canada (Quarter Ended March 31, 2007)

Company Name	2007 Q1	2006 Q1
Domtar	\$57.4	(\$862.9)
Cascades	22.0	6.0
Fraser Papers	(11.8)	(90.6)
Norbord	(18.8)	67.0
Tembec	(45.0)	(168.0)
Abitibi-Consolidated	(70.0)	(33.0)
Total	(\$66.2)	(\$1,081.5)

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United States

Net earnings of the ten largest public US-based forest and paper companies improved by over USD 3 billion, to USD 1.6 billion compared to losses of USD 1.4 billion for the same period in 2006. Of the ten companies, seven experienced positive earnings in the first quarter and six showed improved performance. There were combined charges totalling USD 2 billion relating to impairment of goodwill and reduction of carrying value that significantly reduced earnings in the first quarter of 2006. Included in 2007 first quarter earnings is a USD 682 million gain by Weyerhaeuser on the divestiture of its fine paper business and related assets.

Europe

Before unusual items, five of the largest European-based public forest and paper companies earned €447 million in the first quarter of 2007. This is down slightly from the €496 million of earnings reported in the first quarter of 2006.

Global Forest & Paper Industry Practice

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Net Earnings (Loss): US Companies

(Quarter Ended March 31, 2007 - USD millions)

Company Name	2007 Q1	2006 Q1
Weyerhaeuser	\$755.0	(\$576.0)
Kimberly-Clark	452.0	275.1
International Paper	434.0	(1,236.0)
Sonoco	53.1	45.1
Temple-Inland	38.0	79.0
Boise Cascade	10.5	2.0
Universal Forest Products	3.9	15.9
MeadWestvaco	(16.0)	3.0
Bowater	(35.4)	18.8
Smurfit-Stone	(52.0)	(62.0)
Total	\$1,643.1	(\$1,435.1)

Net Earnings (Loss): European Companies

(Quarter Ended March 31, 2007 - Euro millions)

Company Name	2007 Q1	2006 Q1
Stora Enso	€222.0	€226.0
Svenska Cellulosa	155.6	124.8
UPM-Kymmene	131.0	99.0
Norske Skog	(12.2)	25.7
Mesalitto	(49.0)	20.0
Total	€447.4	€495.5