

Global Forest and Paper Industry Net Earnings Summary

Quarter ended June 30, 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 second quarter of 2006, unless otherwise indicated.

Canada

The continued slow down in US housing starts, weak demand for North American building materials and appreciation of the Canadian dollar and Euro against the US currency had an adverse effect on earnings in the second quarter. Prices for structural lumber, panel products, and pulp showed improvement compared to the previous quarter, but any gains in US dollar pricing were more than offset by the strengthening Canadian dollar. Higher fibre and energy costs and weaker newsprint prices also contributed to reduced earnings.

Overall earnings in the Canadian industry dropped by \$509 million to a loss of \$45 million compared to earnings of \$464 million in the same quarter of 2006. The Canadian dollar declined by a small percentage against the US dollar compared to the second quarter of 2006, but strengthened by 6% over the first quarter of 2007. Companies experienced a pre-tax foreign exchange gain of \$580 million on the translation of US dollar denominated debt, compared to a gain of \$364 million in the same period in 2006.

Western Canada

Six of the largest public forest and paper companies operating in Western Canada reported positive results. An aggregate net loss of \$29 million was reported, down from earnings of \$277 million in the second quarter of 2006. Companies disclosed pre-tax foreign exchange gains of \$209 million compared to gains of \$140 million in the same period in 2006. Companies continued to pay the 15% export tax on US bound shipments during the quarter as commodity prices remained below the US \$315 threshold.

Eastern Canada

The six largest public forest and paper companies based in Eastern Canada reported an aggregate net loss of \$17 million in the second quarter of 2007, down from reported earnings of \$187 million recorded for the same period in 2006. The gain on the translation of foreign currencies on long term debt in the first quarter of 2006 was \$371 million, compared to a \$224 million gain in the same period in 2006. Low prices for commodity lumber resulted in the payment of a 5% export tax on US bound shipments during the quarter.

Net Earnings (Loss): Canada (Quarter Ended June 30, 2007 - \$ Millions)

Region	2007 Q2	2006 Q2
Western Canada	(\$28.5)	\$277.2
Eastern Canada	(16.7)	187.0
Total	(\$45.2)	\$464.2

Net Earnings (Loss): Western Canada (Quarter Ended June 30, 2007 - \$ Millions)

Company Name	2007 Q2	2006 Q2
Ainsworth	\$27.9	\$24.9
Western	17.6	(9.4)
TimberWest	13.6	33.1
Millar Western	11.0	33.7
Mercer	4.7	26.0
Catalyst	0.2	42.4
Interfor	(3.4)	8.0
West Fraser	(14.2)	103.8
Canfor	(38.8)	39.2
Pope & Talbot	(47.1)	(24.5)
Total	(\$28.5)	\$277.2

Net Earnings (Loss): Eastern Canada (Quarter Ended June 30, 2007 - \$ Millions)

Company Name	2007 Q2	2006 Q2
Abitibi-Consolidated	\$148.0	\$157.0
Cascades	45.0	33.0
Domtar	12.1	(13.5)
Norbord	(16.5)	37.0
Fraser Papers	(41.3)	(20.5)
Tembec	(164.0)	(6.0)
Total	(\$16.7)	\$187.0

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United States

Net earnings of the ten largest public US-based forest and paper companies declined by US \$188 million, to US \$805 million compared to the same period in 2006. Of the ten companies, eight experienced positive earnings in the second quarter, but only four showed improved performance.

Europe

Before unusual items, six of the largest European-based public forest and paper companies earned € 163 million in the second quarter of 2007. This is up from the € 29 million of earnings reported in the second quarter of 2006.

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Global Forest & Paper Industry Practice

Contacts

Craig Campbell

Vancouver, BC
604 806 7603

Dave Thompson

Edmonton, AB
780 441 6839

Libarid Guluzian

Montréal, QC
514 205 5275

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Net Earnings (Loss): US Companies

(Quarter Ended June 30, 2007 - US \$ Millions)

Company Name	2007 Q2	2006 Q2
Kimberly-Clark	\$461.8	\$377.6
International Paper	190.0	83.0
Temple-Inland	66.0	191.0
Sonoco	42.4	49.3
Weyerhaeuser	32.0	298.0
MeadWestvaco	32.0	(7.0)
Boise Cascade	28.9	31.2
Universal Forest Products	16.8	27.3
Smurfit-Stone	(2.0)	(47.0)
Bowater	(62.6)	(10.6)
Total	\$805.3	\$992.8

Net Earnings (Loss): European Companies

(Quarter Ended June 30, 2007 - € Millions)

Company Name	2007 Q2	2006 Q2
Svenska Cellulosa	€170.0	€142.5
Stora Enso	143.9	40.9
Holmen	35.6	32.7
Norske Skog	16.7	(22.9)
Metsäliitto	(5.0)	(61.0)
UPM	(198.0)	(103.0)
Total	€163.2	€29.2

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