

Global Forest & Paper Industry

Net Earnings Summary: Quarter ended September 30, 2006

This Net Earnings Summary is prepared by PricewaterhouseCoopers from financial statements issued by the companies noted. All comparative figures are with the third quarter of 2005, unless otherwise indicated.

Canada

Factors affecting earnings in the quarter included declining prices for North American lumber and OSB products, strong pulp prices, continued strength of the Canadian dollar and a 25% drop in US housing starts compared to the same quarter in 2005. North American producers continued to announce mill closures and production curtailments.

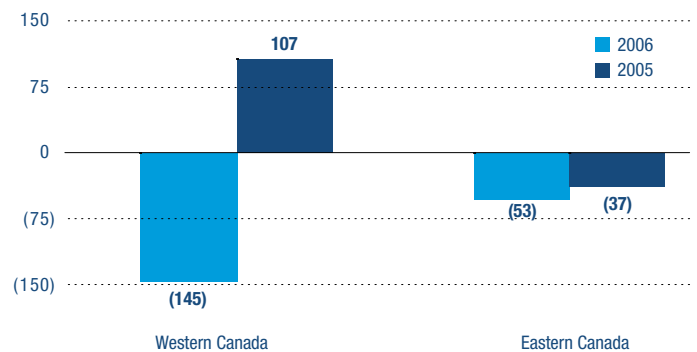
Overall third quarter earnings in the Canadian industry dropped by CAD 268 million to a loss of CAD 198 million compared to earnings of CAD 70 million in the same quarter of 2005. The Canadian dollar remained stable through the quarter, but increased against the US dollar by 7% over the third quarter of 2005 and by 8% on a year to date average comparison to 2005. Companies experienced a pre-tax foreign exchange gain of CAD 5 million on the translation of US dollar denominated debt, compared to a gain of CAD 468 million in the third quarter of 2005. The softwood lumber agreement was signed in the quarter and refunds are expected to begin being received in the fourth quarter.

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 CAD 145 million was reported, down substantially from earnings of CAD 106 million in the third quarter of 2005. Companies disclosed pre-tax foreign exchange losses of CAD 8 million compared to a gain of CAD 163 million in the same period in 2005. Countervailing and anti-dumping duties decreased by 55% to CAD 58 million from CAD 129 million in 2005 due to lower duty rates, lower prices and a stronger Canadian dollar, but there were increased asset impairment charges recognized in the period.

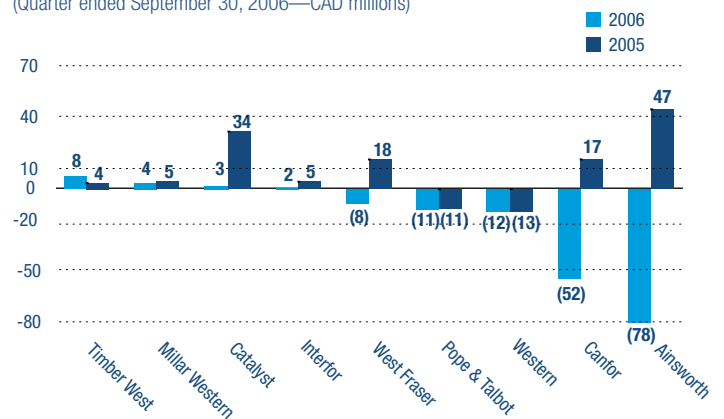
Net Earnings: Canada

(Quarter ended September 30, 2006—CAD millions)



Net Earnings: Western Canada

(Quarter ended September 30, 2006—CAD millions)

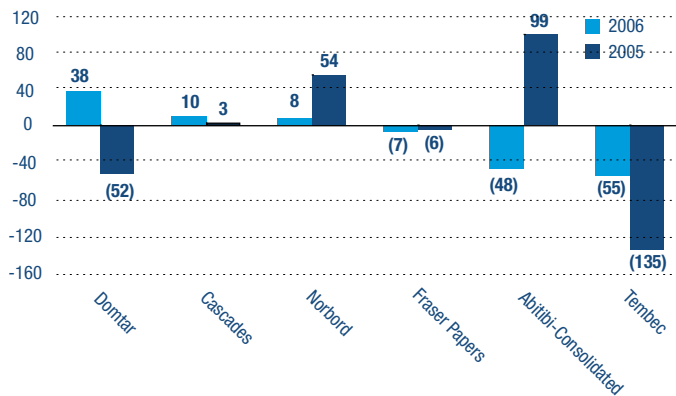


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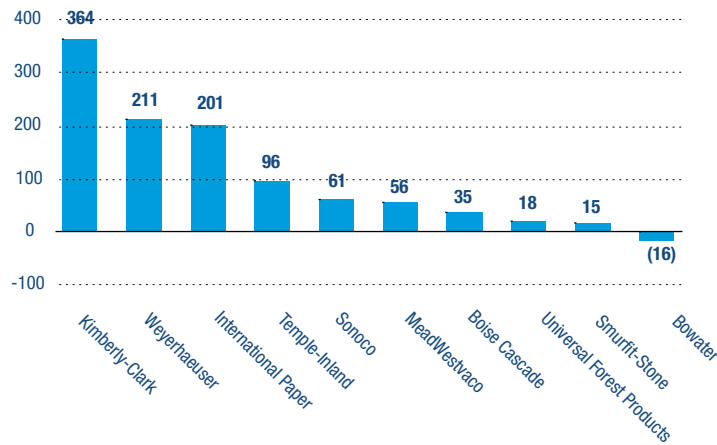
Net Earnings: Eastern Canada

(Quarter ended September 30, 2006—CAD millions)



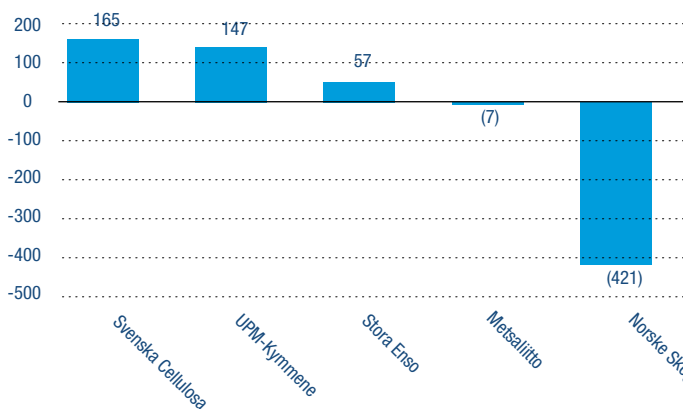
Net Earnings: US Companies

(Quarter ended September 30, 2006—USD millions)



Net Earnings: European Companies

(Quarter ended September 30, 2006—Euro millions)



Eastern Canada

Six of the largest public forest and paper companies based in Eastern Canada reported an aggregate net loss of CAD 53 million in 2006, 43% greater than the net loss of CAD 37 million recorded in the third quarter of 2005. The gain on the translation of foreign currencies on long term debt in the third quarter of 2006 was CAD 13 million, compared to a CAD 305 million gain in the same period in 2005.

United States

In aggregate, net earnings of the ten largest public US-based forest and paper companies were USD 1.0 billion compared to USD 1.6 billion for the same period in 2005. Of the ten companies, nine experienced positive earnings in the third quarter and six showed improved performance. Significant non-operating items caused a \$200 million reduction of earnings from 2005 and the balance was due to weaker market prices including lower demand for building products.

Europe

Before unusual items, five of the largest European-based public forest and paper companies earned € 399 million in the third quarter of 2006, however Norske Skog reported impairment charges and provisions totalling € 458 million, resulting in reported losses of € 59 million for the five companies in the quarter. This compares to net losses of € 47 million reported in the third quarter of 2005.

PricewaterhouseCoopers (www.pwc.com) 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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