

Global Forest and Paper Industry Net Earnings Summary

Quarter ended September 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 third quarter of 2006, unless otherwise indicated.

Canada

While public forest and paper companies reported positive overall earnings in the quarter, the slowdown in the US housing market, weak demand and prices for North American building materials, and a strong Canadian dollar continued to create difficult operating conditions. Companies focused on cost control and productivity improvements to counter the adverse effects of the market conditions. Prices for pulp and paper showed improvement during the quarter, but were offset by higher fibre costs and a weakening US currency.

On the whole, net earnings in the Canadian industry improved by \$180 million to earnings of \$21 million, compared to a loss of \$159 million in the same quarter of 2006. The continued weakening of the US dollar in relation to the Canadian dollar hurt operating results significantly. Each one cent increase in the Canadian dollar reduces revenue in the Canadian industry by approximately \$500 million per year. The Canadian dollar strengthened by 6.8% against the US dollar compared to the third quarter of 2006, and strengthened by 5% over the second quarter of 2007.

The stronger dollar resulted in pre-tax foreign exchange gains of \$462 million on the translation of US dollar denominated debt in the current period.

Western Canada

Nine of the largest public forest and paper companies operating in Western Canada reported an aggregate net loss of \$133 million, compared to a net loss of \$124 million in the third quarter of 2006. Low housing starts in the US continued to put downward pressure on lumber prices which were further impacted by the stronger Canadian dollar. Companies disclosed pre-tax foreign exchange gains on debt of \$162 million compared to losses of \$10 million in the same period in 2006. BC Coastal manufacturing and logging producers were impacted through most of the quarter by a thirteen week strike that disrupted a number of operations until its settlement on October 21, 2007.

Eastern Canada

The six largest public forest and paper companies based in Eastern Canada reported aggregate net earnings of \$155 million in the third quarter of 2007, an improvement from reported losses of \$35 million for the same period in 2006. The gain on the translation of foreign currencies on long term debt in the third quarter of 2007 was \$300 million, compared to a \$7 million gain in the same period in 2006. Higher prices for pulp and paper throughout the quarter were partially offset by increased fibre and chip costs and the Canadian currency. The AbitibiBowater all-stock merger of equals completed on October 29th, 2007.

Net Earnings (Loss): Canada

(Quarter Ended September 30, 2007 - \$ millions)

Region	2007 Q3	2006 Q3
Western Canada	(\$133.3)	(\$123.7)
Eastern Canada	154.5	(35.2)
Total	\$21.2	(\$158.9)

Net Earnings (Loss): Western Canada

(Quarter Ended September 30, 2007 - \$ millions)

Company Name	2007 Q3	2006 Q3
Mercer	15.4	9.6
Millar Western	7.8	3.9
Interfor	(1.6)	1.6
TimberWest	(7.2)	8.1
West Fraser	(12.1)	(8.1)
Catalyst	(18.6)	2.5
Ainsworth	(37.2)	(77.5)
Western	(37.7)	(12.2)
Canfor	(42.1)	(51.6)
Total	(\$133.3)	(\$123.7)

Net Earnings (Loss): Eastern Canada

(Quarter Ended September 30, 2007 - \$ millions)

Company Name	2007 Q3	2006 Q3
Abitibi-Consolidated	\$54.0	(\$48.0)
Domtar	37.6	53.8
Fraser Papers	25.9	(6.8)
Tembec	22.0	(52.0)
Cascades	16.0	10.0
Norbord	(1.0)	7.8
Total	\$154.5	(\$35.2)

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United States

Net earnings of the ten largest public US-based forest and paper companies declined by US \$68 million to US \$818 million compared to the same period in 2006. Cost reduction initiatives have helped companies remain profitable despite the drop in the housing market, increased input costs and flat product pricing.

Europe

Before unusual items, six of the largest European-based public forest and paper companies incurred net losses of € 12 million in the third quarter of 2007. This is down from the € 21 million of earnings reported in the third quarter of 2006. Earnings for Stora Enso were impacted by fixed asset and goodwill impairment charges totalling € 559 million during the third quarter of 2007 and impairment charges and provisions totalling € 450 million were recorded by Norske Skog during the third quarter of 2006. Companies cited fibre shortages and the introduction of new export duties on Russian logs as factors that led to higher wood raw material costs. Overcapacity in the pulp and paper market and the strengthening of the Euro against the dollar led to reduced profits, despite higher US dollar prices.

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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): United States (Quarter Ended September 30, 2007 US \$ millions)

Company Name	2007 Q3	2006 Q3
Kimberly-Clark	\$453.1	\$364.2
International Paper	217.0	224.0
MeadWestvaco	121.0	56.0
Weyerhaeuser	101.0	224.0
Sonoco	64.5	61.1
Boise Cascade	49.2	36.4
Temple-Inland	36.0	95.0
Universal Forest Products	11.3	17.7
Smurfit-Stone	(93.0)	24.0
Bowater	(142.1)	(216.1)
Total	\$818.0	\$886.3

Net Earnings (Loss): Europe (Quarter Ended September 30, 2007 - € millions)

Company Name	2007 Q3	2006 Q3
Svenska Cellulosa	€ 217.9	€ 164.7
UPM	119.0	147.0
Holmen	47.3	41.2
Norske Skog	28.1	(381.9)
Metsaliitto	17.0	(7.0)
Stora Enso	(441.1)	57.1
Total	(€ 11.8)	€ 21.1

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