

Global Forest and Paper Industry Net Earnings Summary

Three months ended March 31, 2009

This Net Earnings Summary is prepared by PricewaterhouseCoopers from financial statements issued by the companies noted.

All comparative figures are with the three months ended March 2008, unless otherwise specified.

Canada

Net earnings of 14 of the largest Canadian companies deteriorated by CAD \$91 million to a total loss of CAD \$480 million when compared to the same quarter of 2008. The Canadian dollar decreased against the US dollar by 2.6% over the fourth quarter of 2008 and by 19% over the first quarter of 2008. The benefit of a lower Canadian dollar was not enough to offset the reduction in sales volumes and prices experienced by Canadian companies.

Losses of CAD \$314 million incurred by Western Canadian companies for the first quarter of 2009 were the same as losses in the comparable period in 2008. Catalyst Paper was the only company of the nine largest public forest companies in Western Canada that reported positive earnings. Six of the eight remaining Western Canadian companies reported greater losses compared to the first quarter of 2008.

The global recession and weak demand for forest products continued to ravage the Canadian industry, particularly in British Columbia. The further collapse of the US housing market provided little relief for the beleaguered wood products market.

In response to poor demand, the Canadian industry continued to curtail production, defer capital spending and unessential maintenance, reduce working capital and focus on short term cash generation.

Performance of Eastern Canadian companies dropped a further CAD \$89 million to a loss of CAD \$166 million compared to the first quarter of 2008. Cascades was the only company of the five largest public forest companies in Eastern Canada that reported positive earnings for 2009.

United States

Ten of the largest public US-based forest and paper companies posted cumulative losses of US \$63 million in the first quarter of 2009, down US \$429 million from earnings of US \$366 million in the same period of 2008. Four of the ten companies reported positive and improved earnings amidst a climate of economic uncertainty and challenging housing market conditions. Markets for tissue and hygiene products typically experience fewer fluctuations in demand during recessionary periods as evidenced in the financial performance of Kimberley-Clark. The results include an alternative fuel tax credit for the use of black liquor as a biofuel to generate energy. In the case of International Paper, the credit was US \$330 million after tax.

Net Earnings (Loss): Western Canada

Three months ended March 31 – CAD\$ millions

Company Name	2009 Q1	2008 Q1
Catalyst	\$21	(\$37)
TimberWest	(4)	(2)
Interfor	(14)	(1)
Western	(26)	(23)
Millar Western	(31)	(11)
Ainsworth	(54)	(88)
Canfor	(59)	(85)
Mercer	(64)	4
West Fraser	(83)	(69)
Total	(\$314)	(\$312)

Net Earnings (Loss): Eastern Canada

Three months ended March 31 – CAD\$ millions

Company Name	2009 Q1	2008 Q1
Cascades	37	(\$4)
Fraser Papers	(21)	(19)
Norbord	(27)	(31)
Domtar	(56)	36
Tembec	(99)	(59)
Total	(\$166)	(\$77)

Note: AbitibiBowater filed for court protection in Canada and the United States on April 16, 2009. Financial statements were not available at the time of publication.

Net Earnings (Loss): United States

Three months ended March 31 – US\$ millions

Company Name	2009 Q1	2008 Q1
Kimberly-Clark	\$407	\$441
International Paper	257	133
Temple-Inland	35	(13)
Sonoco	23	13
Graphic Packaging	(28)	(23)
MeadWestvaco	(79)	(4)
Boise Cascade	(88)	(24)
NewPage	(109)	7
Smurfit-Stone ¹	(217)	(16)
Weyerhaeuser	(264)	(148)
Total	(\$63)	\$366

¹ Debtor-in-Possession

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Europe

Ten of the largest European-based forest and paper companies incurred overall losses of € 389 million in the first quarter of 2009. This is down dramatically from the positive earnings of € 317 million reported in the first quarter of 2008. Three of the ten companies reported positive earnings, but all ten companies experienced a decline in financial performance compared to the same period in 2008. The results reflect the state of the pulp and paper market that has struggled since demand and prices dropped off at the end of the third quarter in 2008.

Rest of World

Ten of the largest forest and paper companies in Japan and emerging markets reported losses of US \$373 million in the first quarter of 2009, a billion dollar turnaround from earnings of US \$658 million in the first quarter of 2008. Similar to results for European companies, three of the ten companies reported positive earnings, but all ten companies experienced an overall decline in financial performance.

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Net Earnings (Loss): Europe

Quarter ended March 31

€ millions

Company Name	2009 Q1	2008 Q1
Svenska Cellulosa	€ 102	€ 164
Holmen	22	29
Smurfit Kappa	12	43
Sequana Capital	(2)	7
Ahlstrom	(12)	8
Stora Enso	(36)	71
Sonae Industria	(40)	13
Norske Skog	(124)	(121)
Metsaliitto	(153)	0
UPM	(158)	103
Total	(€ 389)	€ 317

Net Earnings (Loss): Rest of World

Three months ended March 31

US\$ millions

Company Name	2009 Q1	2008 Q1
Unicharm	\$87	\$92
Suzano	39	72
Shandong Chenming	1	66
Sumitomo Forestry	(8)	2
Daio Paper	(14)	13
Mitsubishi Paper	(19)	29
Sappi	(35)	155
Aracruz	(50)	117
Oji Paper	(102)	102
Nippon Paper	(272)	10
Total	(\$373)	\$658