

Global Forest and Paper Industry Net Earnings Summary

Three months ended September 30, 2008

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 three months ended September 2007, unless otherwise indicated

Canada

The US housing market continued to deteriorate in the quarter and companies adjusted production in response to weak demand for North American building products. While prices for certain building products showed improvement at the start of the quarter, increases in inventories and the global financial crisis put negative pressure on prices toward the quarter end.

In aggregate, Canadian companies reported a loss of \$552 million in the third quarter. Included were restructuring costs and asset impairment charges of \$302 million compared to \$14 million reported in the same period in 2007. There were pre-tax foreign exchange losses of \$111 million on the translation of US dollar denominated debt, compared to gains of \$249 million in the third quarter of 2007.

Losses of \$230 million for the third quarter of 2008 were incurred by producers in Western Canada. This compares to losses of \$132 million in the same period in 2007. However, in 2007 BC coastal producers were impacted by a thirteen week forest worker strike that disrupted a number of operations through most of the quarter.

Eastern Canadian companies incurred losses of \$322 million for the third quarter of 2008, compared to losses of \$47 million in the same period of 2007. Domtar was the only company of the six largest public forest companies domiciled in Eastern Canada that reported positive and improved earnings compared to the same period in 2007. Other producers reported that manufacturing cost and pricing improvements were offset by higher raw material, energy and chemical costs.

United States

Nine of the largest public US-based forest and paper companies posted earnings of US \$808 million in the third quarter of 2008, down US \$149 million from earnings of US \$957 million in the same period of 2007. Two of the nine companies reported improved earnings despite difficult housing market conditions. Weyerhaeuser's results include after tax gains of US \$464 million on the sale of their Australian operations and the sale of the Container Board, Packaging and Recycling business to International Paper. Smurfit Stone reported an US \$84 million benefit from the resolution of Canadian income tax matters. Also, reflected in the 2008 third quarter results is a US \$208 million write-down in the carrying value of the Boise Cascade equity investment in Boise Inc.

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Net Earnings (Loss): Western Canada Three months ended September 30 \$ millions

Company Name	2008 Q3	2007 Q3
West Fraser	(\$2)	(\$12)
Interfor	(8)	(2)
TimberWest	(9)	(5)
Catalyst	(11)	(19)
Millar Western	(11)	8
Western	(25)	(38)
Mercer	(27)	15
Ainsworth	(43)	(37)
Canfor	(94)	(42)
Total	(\$230)	(\$132)

Net Earnings (Loss): Eastern Canada Three months ended September 30 \$ millions

Company Name	2008 Q3	2007 Q3
Domtar	45	38
Tembec	(4)	22
Cascades	(7)	16
Norbord	(19)	(1)
Fraser Papers	(22)	26
AbitibiBowater ¹	(315)	(148)
Total	(\$322)	(\$47)

(1) Results for 2007 represent Bowater only

Net Earnings (Loss): United States Three months ended September 30 US\$ millions

Company Name	2008 Q3	2007 Q3
Kimberly-Clark	\$413	\$453
Weyerhaeuser	280	101
International Paper	149	217
Smurfit-Stone	62	(96)
Sonoco	57	65
MeadWestvaco	54	121
Temple-Inland	3	36
Universal Forest	(2)	11
Boise Cascade	(208)	49
Total	\$808	\$957

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Europe

Six of the largest European-based forest and paper companies incurred overall losses of € \$208 million in the third quarter of 2008. This is down significantly from the earnings of € \$200 million reported in the third quarter of 2007. This loss in financial performance can be observed through four of the top six companies posting third quarter losses in 2008.

Rest of World

Four of the largest forest and paper companies in South America and South Africa reported losses of US \$407 million in the third quarter of 2008, down from earnings of US \$503 million in 2007. Aracruz registered an after tax charge of US \$621 million from derivative transactions.

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Net Earnings (Loss): Europe

Three months ended September 30
€ millions

Company Name	2008 Q3	2007 Q3
Svenska Cellulosa	€132	€218
Smurfit Kappa	49	89
Metsaliitto	(33)	22
UPM	(87)	119
Stora Enso	(119)	(274)
Norske Skog	(150)	26
Total	(€208)	€200

Net Earnings (Loss): Rest of World

Three months ended September 30
US\$ millions

Company Name	2008 Q3	2007
Arauco	\$130	\$175
CMPC	41	148
Sappi	(32)	75
Aracruz	(546)	105
Total	(\$407)	\$503