



**CIBC World Markets
Whistler Conference
Investor Presentation**

February 2009

CANFOR PULP INCOME FUND



Disclosure of Risk Factors

Certain statements in this presentation constitute "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Words such as "expects," "anticipates," "intends," "plans," "will," "believes," "seeks," "estimates," "should," "may," "could" and variations of such words and similar expressions are intended to identify such forward looking statements. The risks and uncertainties are detailed from time to time in reports filed by Canfor Pulp Income Fund and Canfor Pulp Limited Partnership (Canfor Pulp or Partnership) with the securities regulatory authorities in all of the provinces and territories of Canada to which recipients of this presentation are referred to for additional information concerning the Partnership, its prospects and uncertainties relating to the Partnership and its prospects. These statements are based on management's current expectations and beliefs and actual events or results may differ materially. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of the Partnership to be materially different from those contained in forward-looking statements. The forward-looking statements are based on current information and expectations and the Partnership assumes no obligation to update such information to reflect later events or developments, except as required by law.

In this presentation, references are made to EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization and before other non-operating income and expenses) and adjusted distributable cash. Canfor Pulp considers EBITDA and adjusted distributable cash to be an important indicator for identifying trends in the performance and of the Fund's ability to generate funds to meet its debt service, capital expenditure requirements and to make cash distributions to its partners. EBITDA and adjusted distributable cash is not a generally accepted earnings measure and should not be considered as an alternative to net income or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA and adjusted distributable cash, the Fund's use of these terms may not be directly comparable with similarly titled measures used by other entities.

Unless otherwise noted, all financial references are in Canadian dollars.

Overview

- ▶ **Canfor Pulp Limited Partnership (CPLP)**
 - 3 mills in the central interior of BC
 - Pulp capacity of 1.1 million tonnes
 - Kraft paper capacity over 140,000 tonnes
 - Ownership*: Canfor Pulp Income Fund 49.8%
Canfor Corporation 50.2%

- ▶ **Canfor Pulp Income Fund (CFX.UN)**
 - Float of 35.5 million units
 - Market capitalization approx. \$110 million
 - ~ 114,000 units trade on average per day
 - 2008 High = \$12.09 and Low = \$2.15 per unit



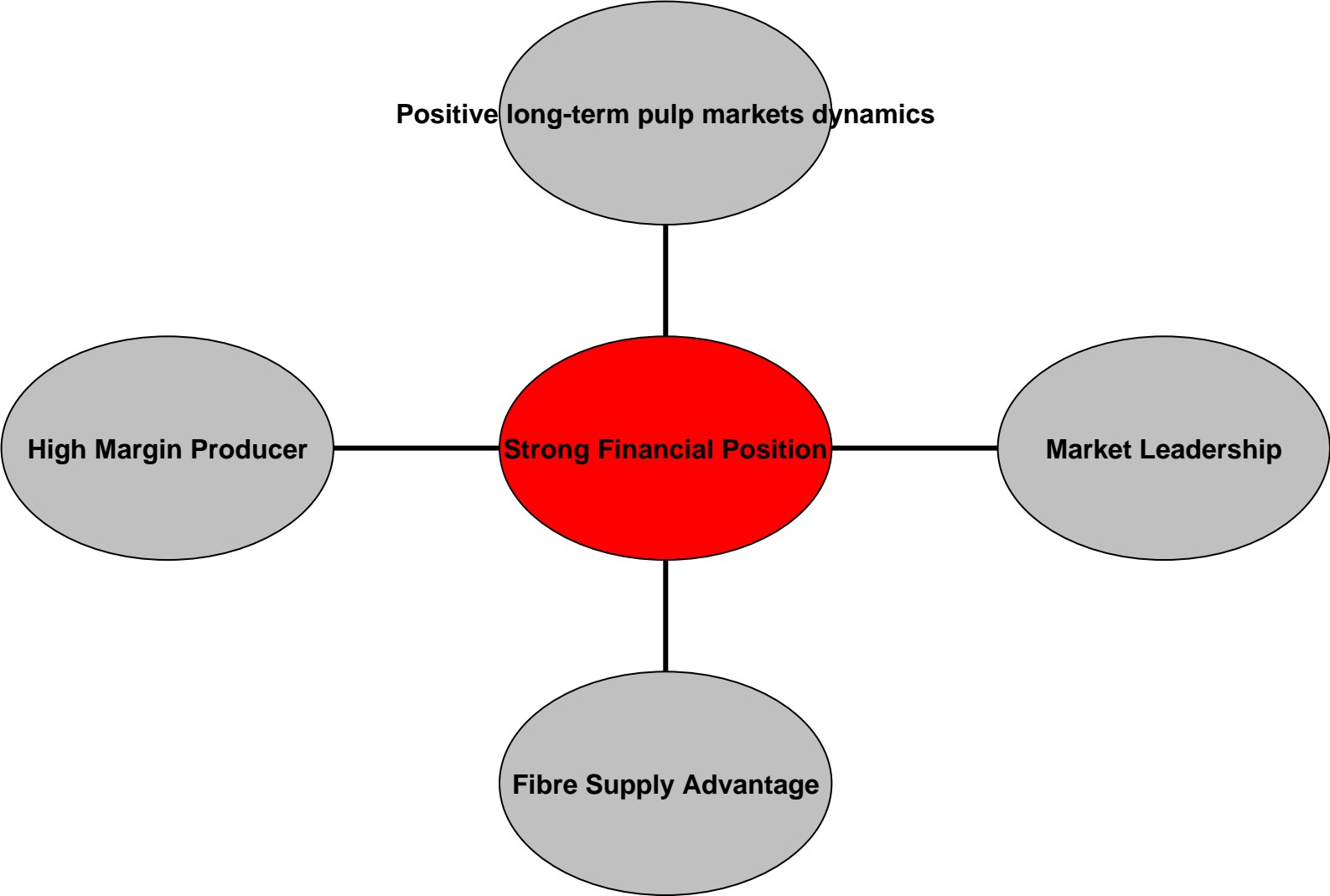
Northwood



Intercon and Prince George Pulp & Paper

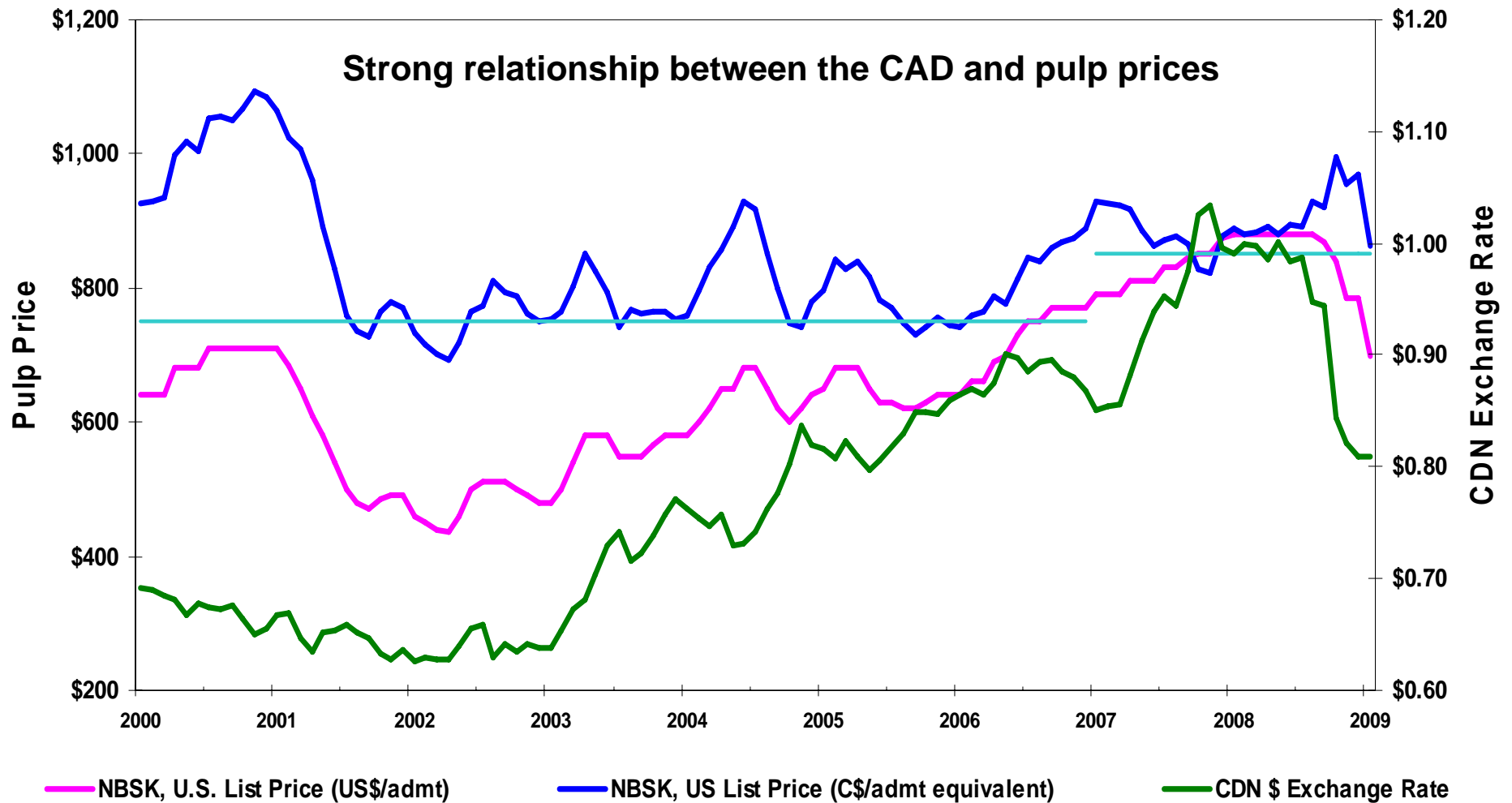
* Refer to page 24 of this presentation for a simplified ownership structure

Why Canfor Pulp?



Pulp Markets: Historical NBSK Prices

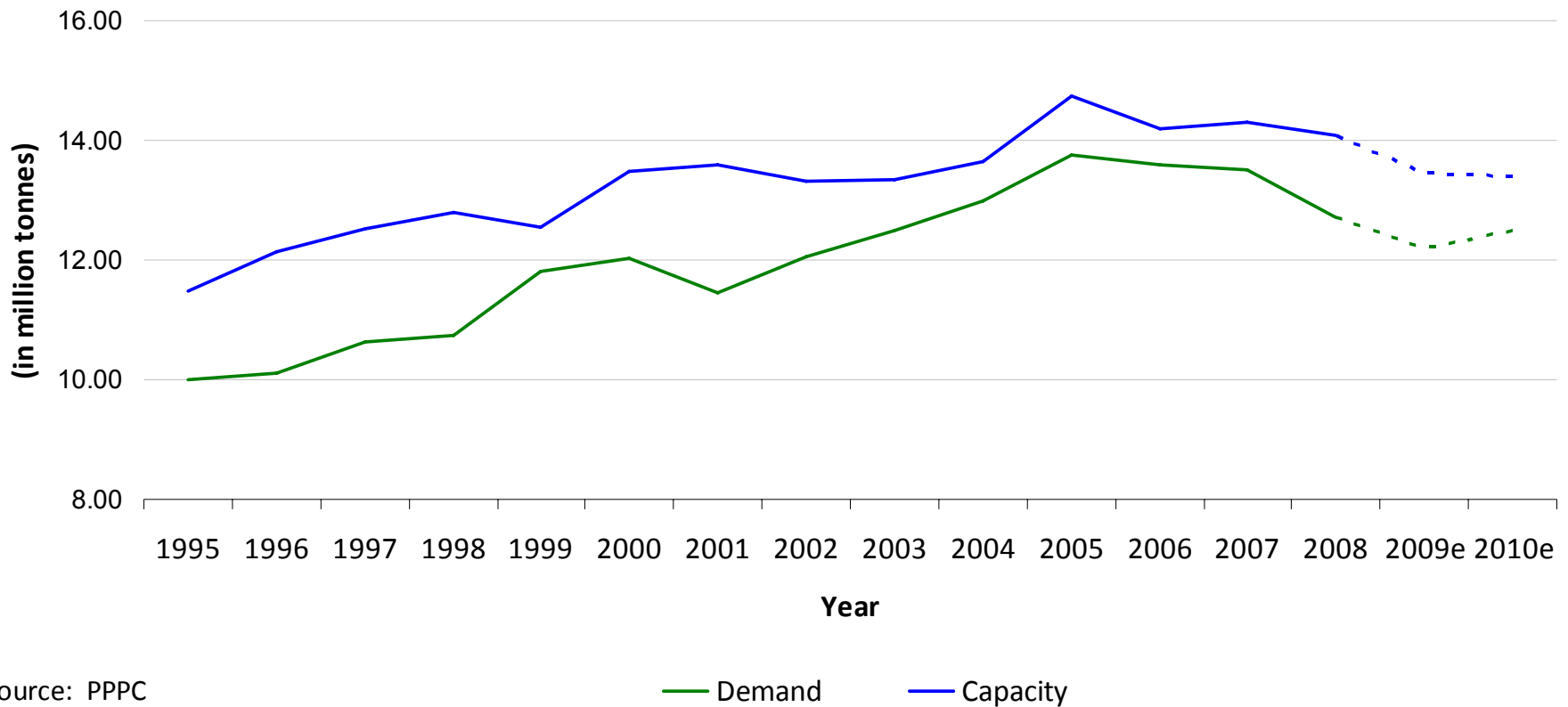
NBSK List Prices in \$US Delivered to North America vs. Foreign Exchange



Pulp Markets: Long-term NBSK Growth

Historically demand has grown at 1-2% per year and over the long term will continue to do so. However, during 2008 / 2009 demand is expected to be negative.

World NBSK Market Pulp Demand vs Capacity

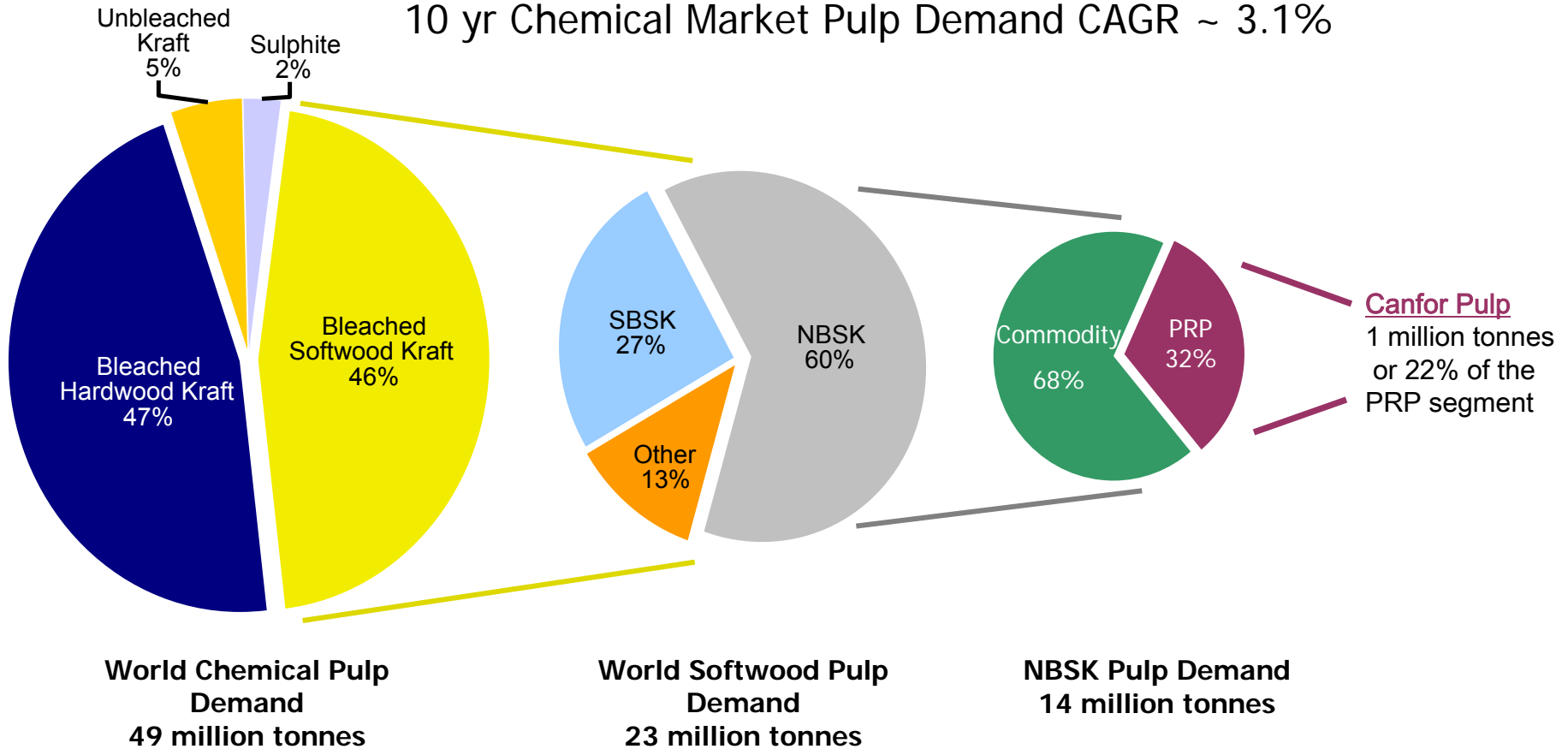


Source: PPPC

— Demand — Capacity

Pulp Markets: Demand

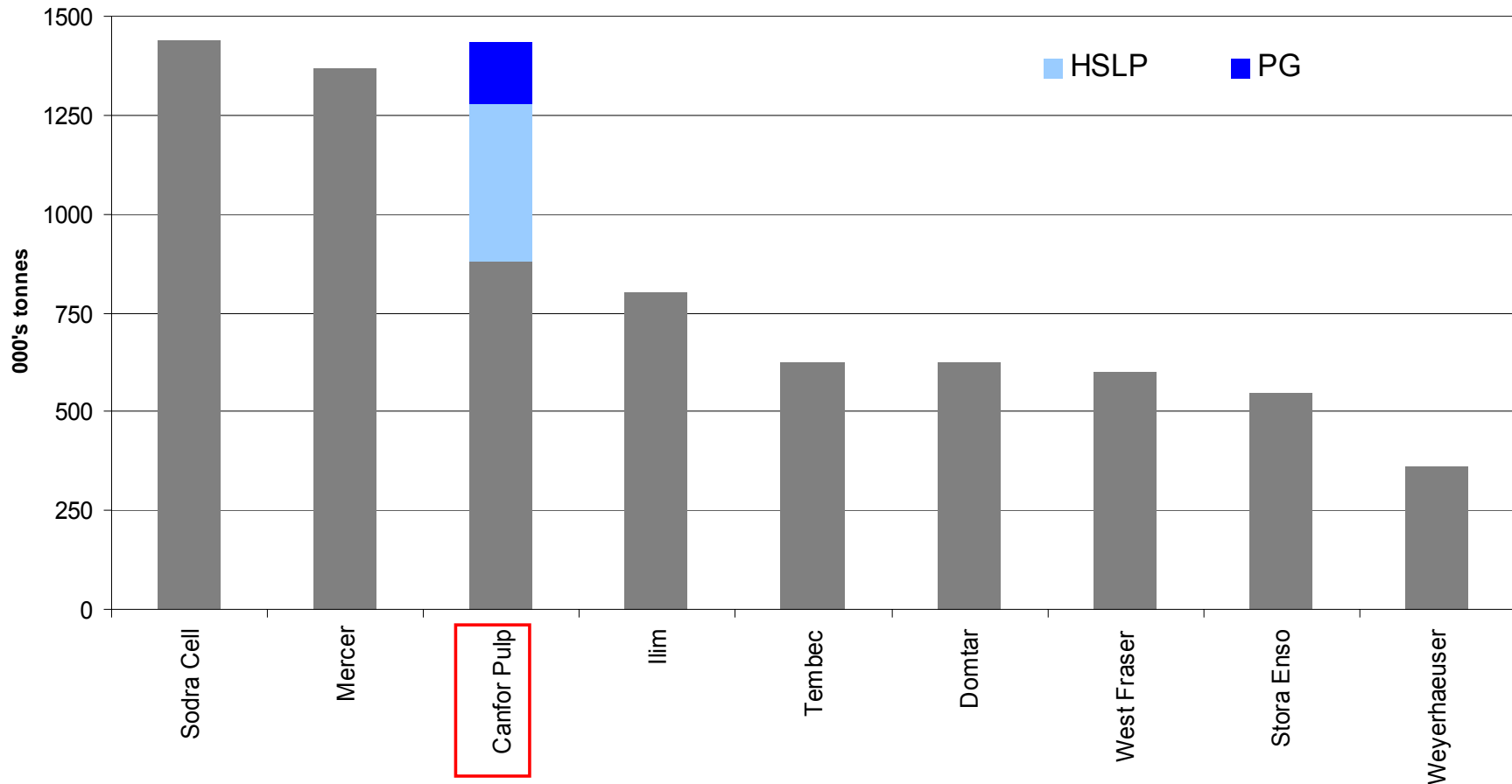
10 yr Chemical Market Pulp Demand CAGR ~ 3.1%



Source: PPPC (Dec 2007)

Market Leadership

Largest seller of Northern Softwood Pulp (NSK)
Third largest producer of Northern Bleached Softwood Kraft Pulp (NBSK)



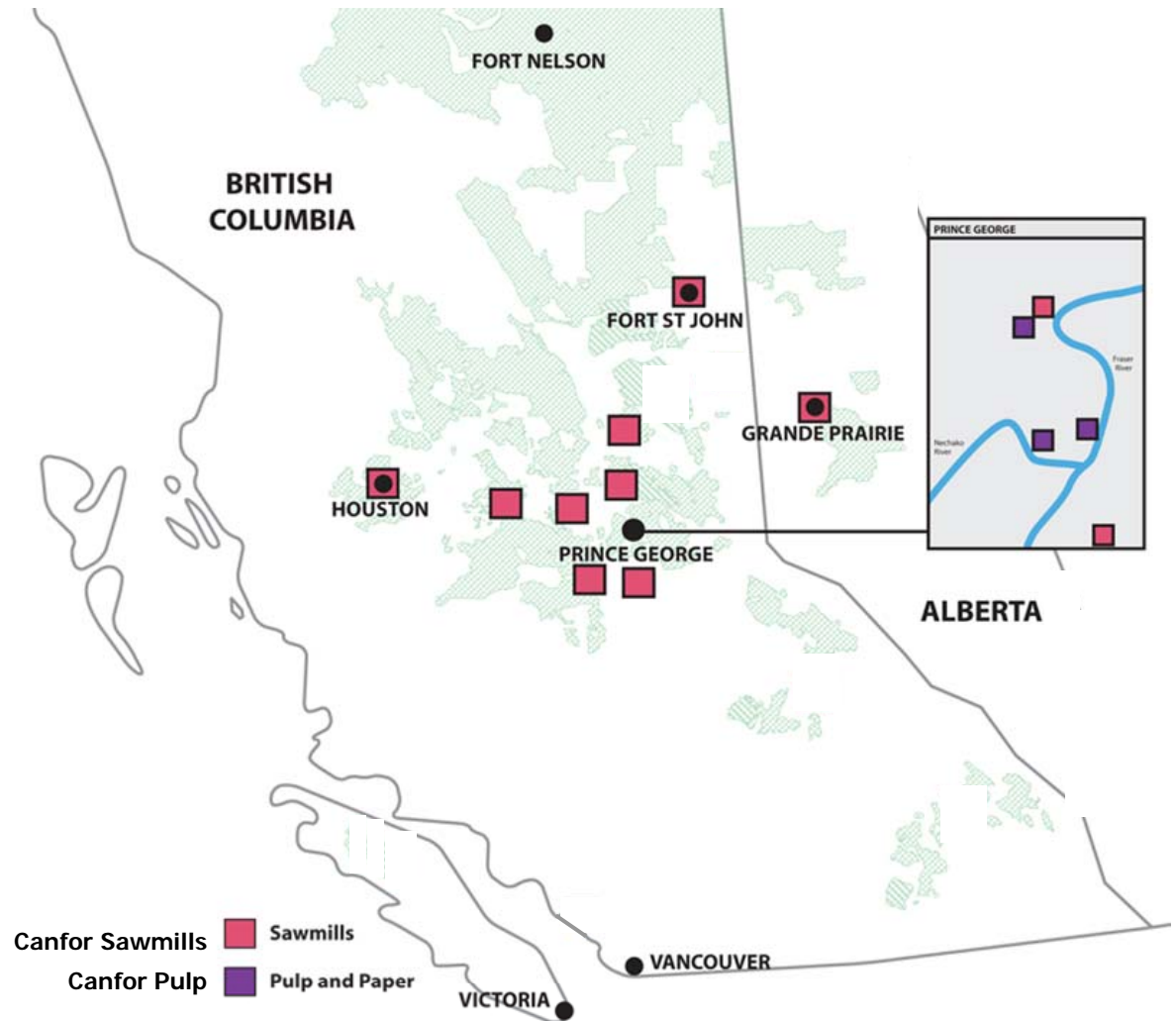
Fibre Advantage: Abundant Supply

Fibre Sources

<i>(million Odt's)</i>	<u>Normal</u>	<u>Current</u>
Canfor Sawmills ^{(1)/(2)}	1.6	1.2
Other Sawmills ⁽²⁾	0.9	0.7
Whole-log chipping	-	0.6
TOTAL	2.5	2.5

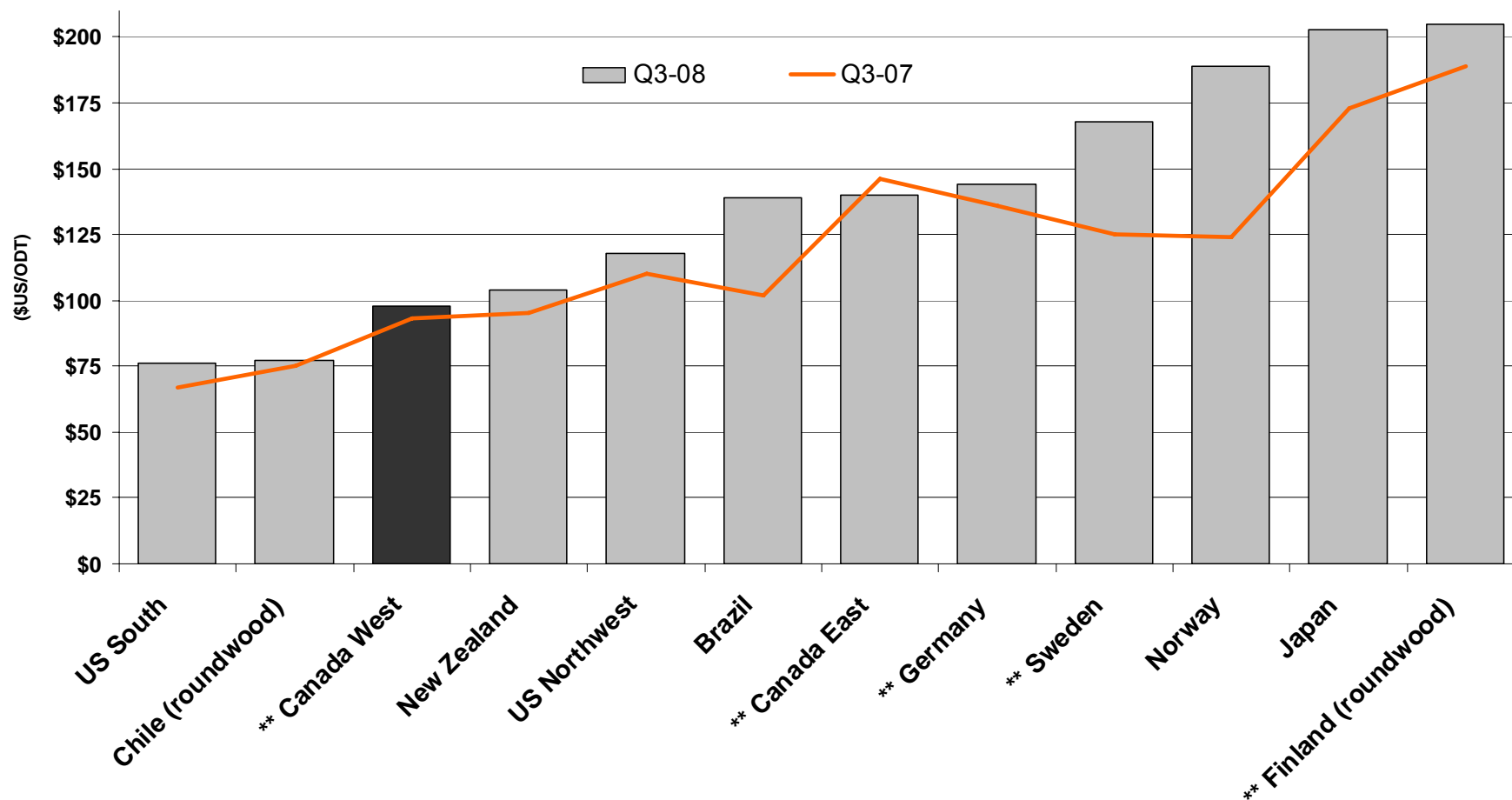
- (1) Evergreen contract
- (2) Chip prices are linked to the price of pulp with a market adjustment consideration

Once US Housing starts return to “normal” operations, a surplus of chips and a return to lower chip prices should occur again



Fibre Advantage: Low Cost

Conifer Chips - Delivered Prices Q3-2008 vs. Q3-2007



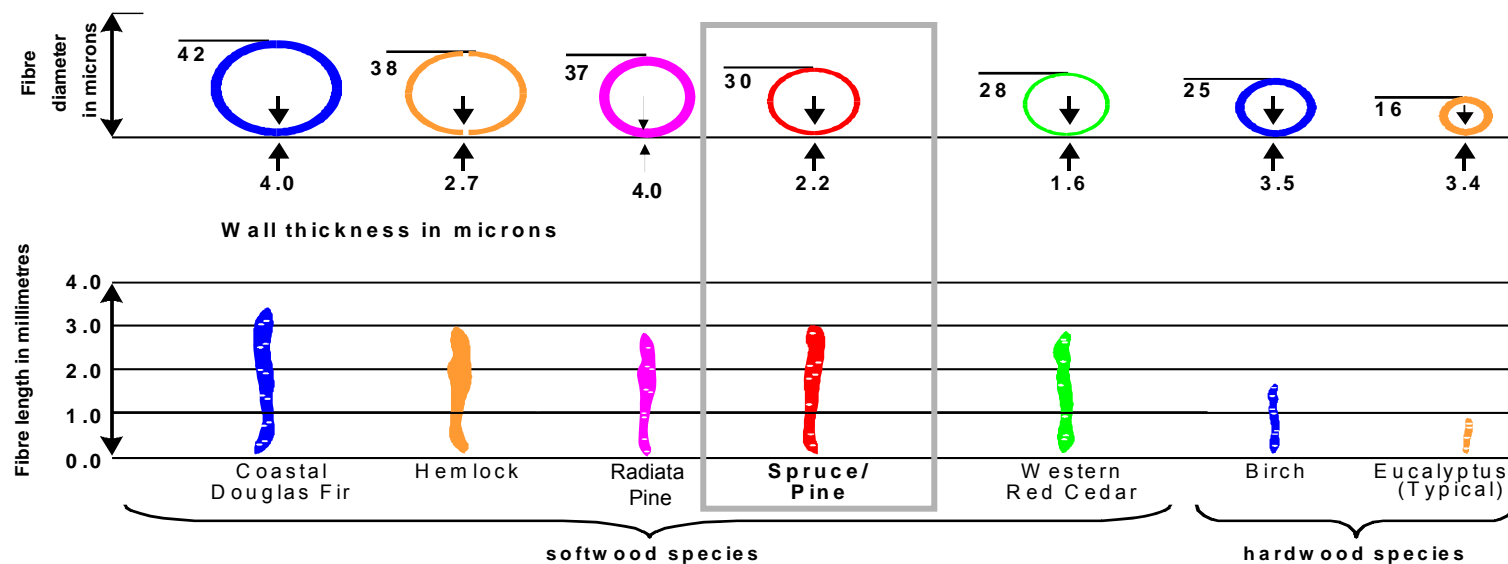
** NBSK Producing Region

Source: Wood Resources International

Fibre Advantage: Characteristics

Not all pulps are the same: Northern spruce and pine fibre grown in the central interior of British Columbia is recognized as one of the strongest in the world due to the long, slender, thin-walled fibres. This provides for a better printing surface, better softness and better strength, which in turn commands a premium return.

Typical Fibre Dimensions



"Weight weighted lengths measured by Kajaani FS200"

High Margin Producer: Targeted Sales

Achieve higher mill nets through:

▶ Target Customers That Need Reinforcing Pulp

Printing & Writing

- Magazines / Catalogues

Specialty

- Adhesive labels (beer) / Masking tape

Tissue

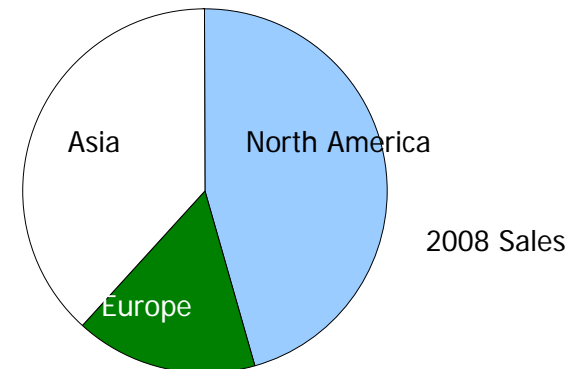
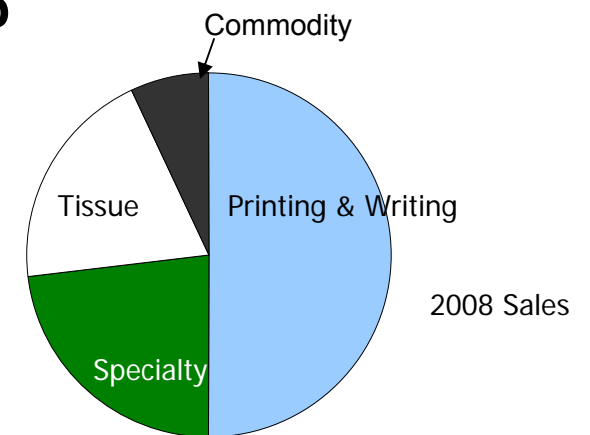
- Branded top quality “Use at-home” tissues

Commodity

- Photocopy paper

▶ Diversify Sales

Geographically balanced sales



High Margin Producer: Summary

Top Quartile* EBITDA per tonne producer due to:

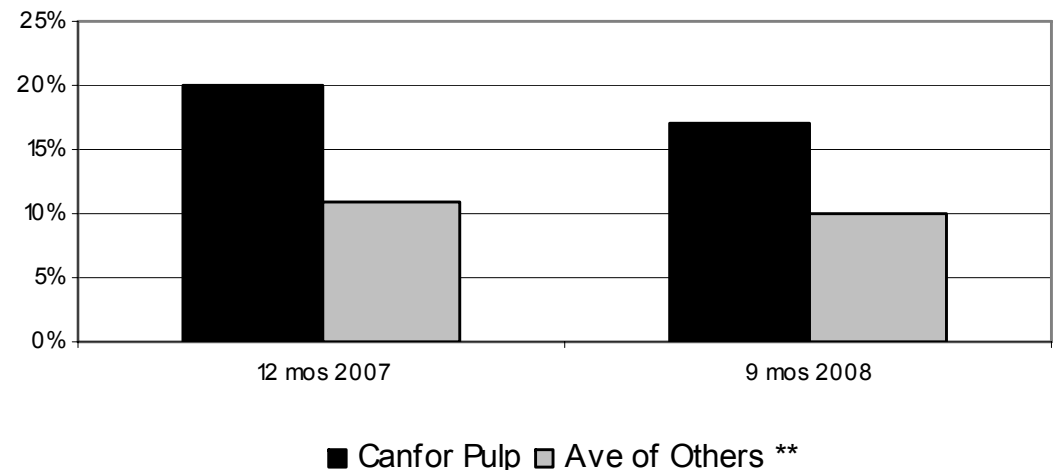
▶ Revenues

- Selling into the highest margin regions to targeted customers
- Only dedicated R&D dept in the sector

▶ Low costs

- Competitive fibre costs
- Strong efficient operations
- Focus on cost control
- Economies of scale with all operations in the PG region

EBITDA margin



* Per most recent PwC 2007 benchmarking study of 12 Canadian NBSK mills, Canfor Pulp's mills were Top Quartile

** 'Ave of Others' includes pulp segment results for SFK, CTL, WFT, MERC and SFK.un

Financials: Strong Performance

<i>C\$ millions unless otherwise noted</i>	Dec	Dec
	2008	2007
Sales	825.5	921.6
EBITDA	116.9	188.5
- <i>ebitda margin%</i>	14%	20%
Net Income	47.4	129.8
- per unit	\$0.67	\$1.82
C\$ ave list pulp price (del to USA)	914	885
Shipments-pulp (m tonnes)	905.4	1,023.6
Production-pulp (m tonnes)**	932.8	1,044.3

• Last 8 quarters financial excerpts on pg 28 of this presentation

** 2008 production reduced by 110,000 for market curtailments, increased scheduled maintenance shuts and the impact of the fire at PGPP

Financials: Strong Financial Position

Maintain a strong balance sheet

<i>\$ millions</i>	As at Dec 2008
Current assets	285.5
Other	13.2
Fixed Assets	569.8
Total	868.5

	As at Dec 2008
Current liabilities	149.0
Long-term Debt*	134.7
Other Long-term Liabilities	49.8
Equity	535.0
Total	868.5

- Long-term Debt / EBITDA (LTM) = 1.15
- Long-term Debt / Equity = 0.25
- Current Assets / Current Liabilities = 1.92

* Details on page 16

Conservative Capital Structure

- ▶ Revolving Loan
 - C\$75 million; \$24.1 million reserved for a BC Hydro letter of credit
 - Unsecured
 - Matures November 2009
 - Used to fund working capital fluctuations

- ▶ Long-term Debt
 - US\$110 million
 - Unsecured private placement notes
 - Fixed interest rate of 6.41%
 - Repayable in full on November 2013
 - Covenants:
 - Interest coverage > 2.5
 - Leverage ratio < 3.25
 - Agreement is posted on SEDAR (dated December 6, 2006)

Distributions

- ▶ Based on estimates of full year cash flow from operations after debt service and capital expenditures
 - Low debt service costs ~ US\$7 million
 - Capital requirements to retain competitive cost structure
 - Maintenance capex ~ \$15 - \$20 million
 - Strategic capex ~ \$10 - \$15 million
 - Reserve = \$4 million

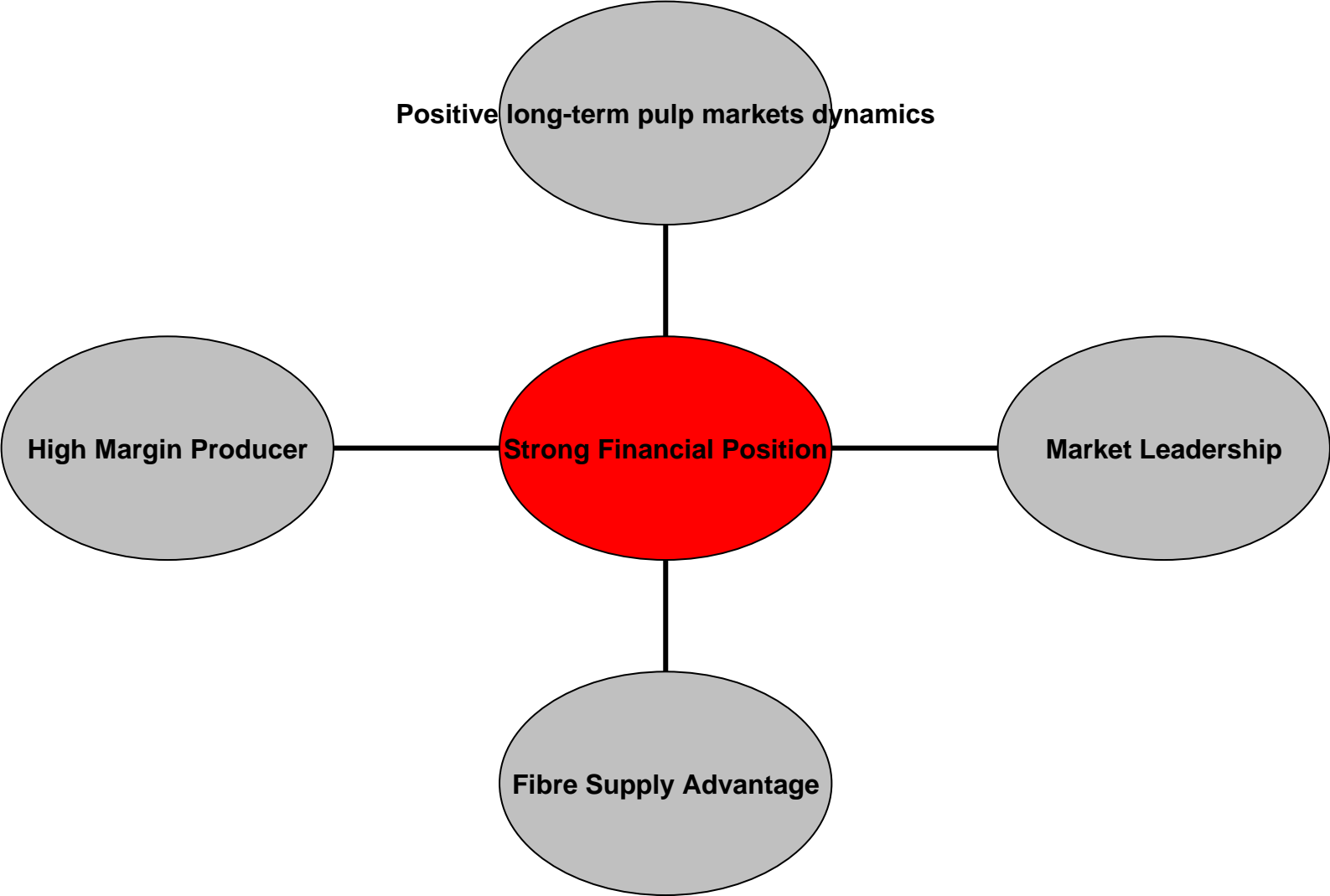
- ▶ Full flow through from CPLP operations to unitholders

Focus 2009

- ▶ Lower costs
 - Reduce costs by \$10 per tonne
 - Fibre cost reductions
 - Energy price reductions

- ▶ Diversify sales
 - Increase sales to Tissue grade
 - Increase sales into Europe

Why Canfor Pulp?



Investor Contact



▶ CFX.UN

– Investor Contact

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– Canfor Pulp Income Fund

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Vancouver, BC V6P 6G2

▶ www.canforpulp.com

Canfor Pulp Income Fund



▶ APPENDIX

Experienced Leadership

▶ **Board of Directors**

Dr. Charles Jago, *Chairman* ^{1,2, 3}

Stan Bracken-Horrocks, *FCA* ^{1,2}

Donald Campbell ^{1,3}

Peter Bentley ²

Dr. Peter Lusztig ^{1,3}

Paul Richards ⁴

James Shepard ⁵

¹ Audit Committee

² Compensation Committee

³ Nominating Committee

⁴ Canfor Pulp President & CEO

⁵ Canfor Corp. CEO

▶ **Senior Management**

Paul Richards, *President & CEO*

Terry Hodgins, *CFO & Secretary*

Joe Nemeth, *VP, Sales & Marketing*

Brett Robinson, *VP, Operations*

Craig Garratt, *GM, Fibre Supply*

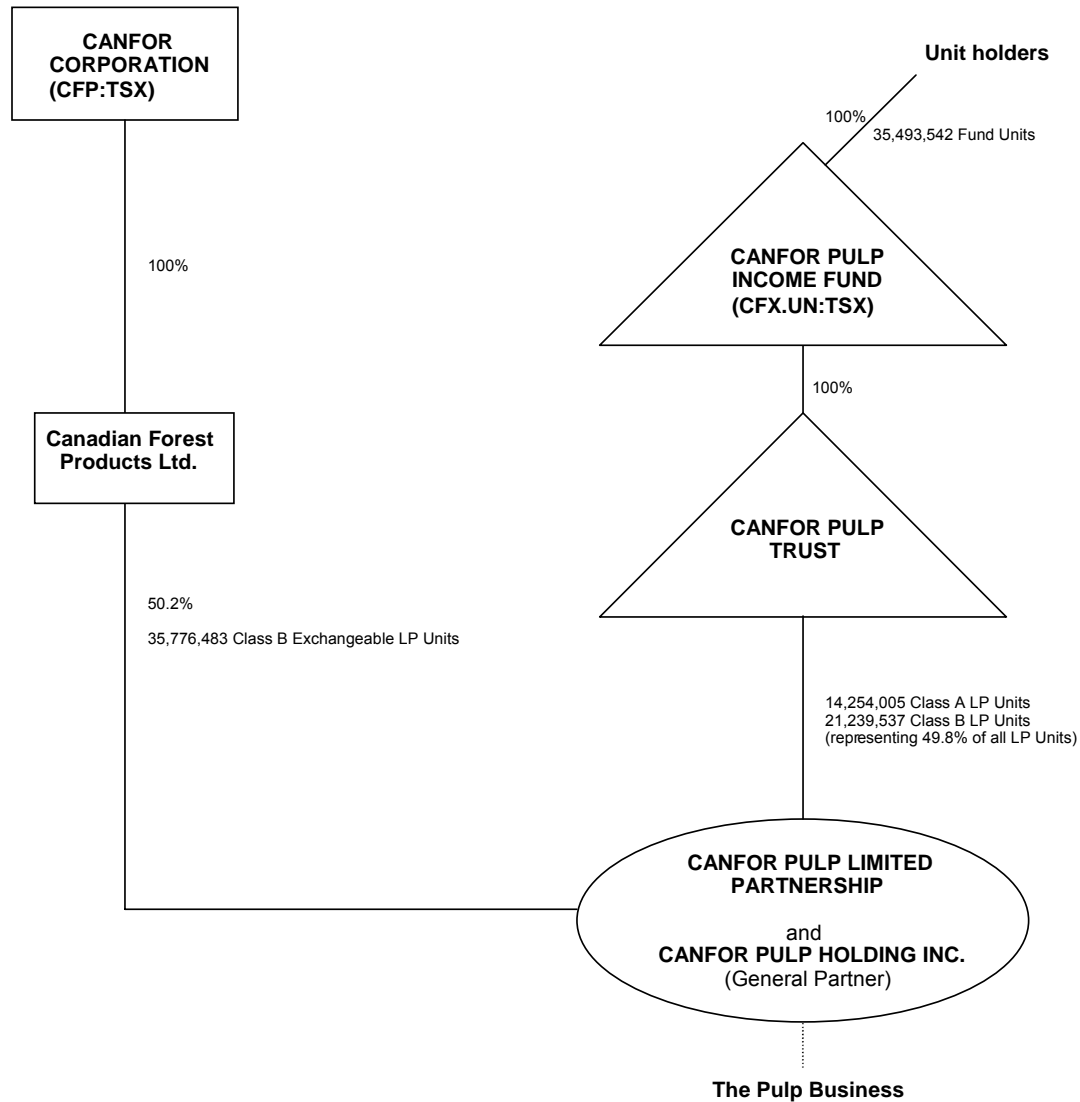
Rick Pingel, *GM, Logistics &
Procurement*

Martin Pudlas, *GM, Northwood Mill*

Rick Remesch, *Corporate Controller*

David Scott, *GM, Human Resources*

Ownership Structure



History

July 2006:

Canfor Corporation spins out to their shareholders 20% of the NBSK pulp assets into an Income Trust

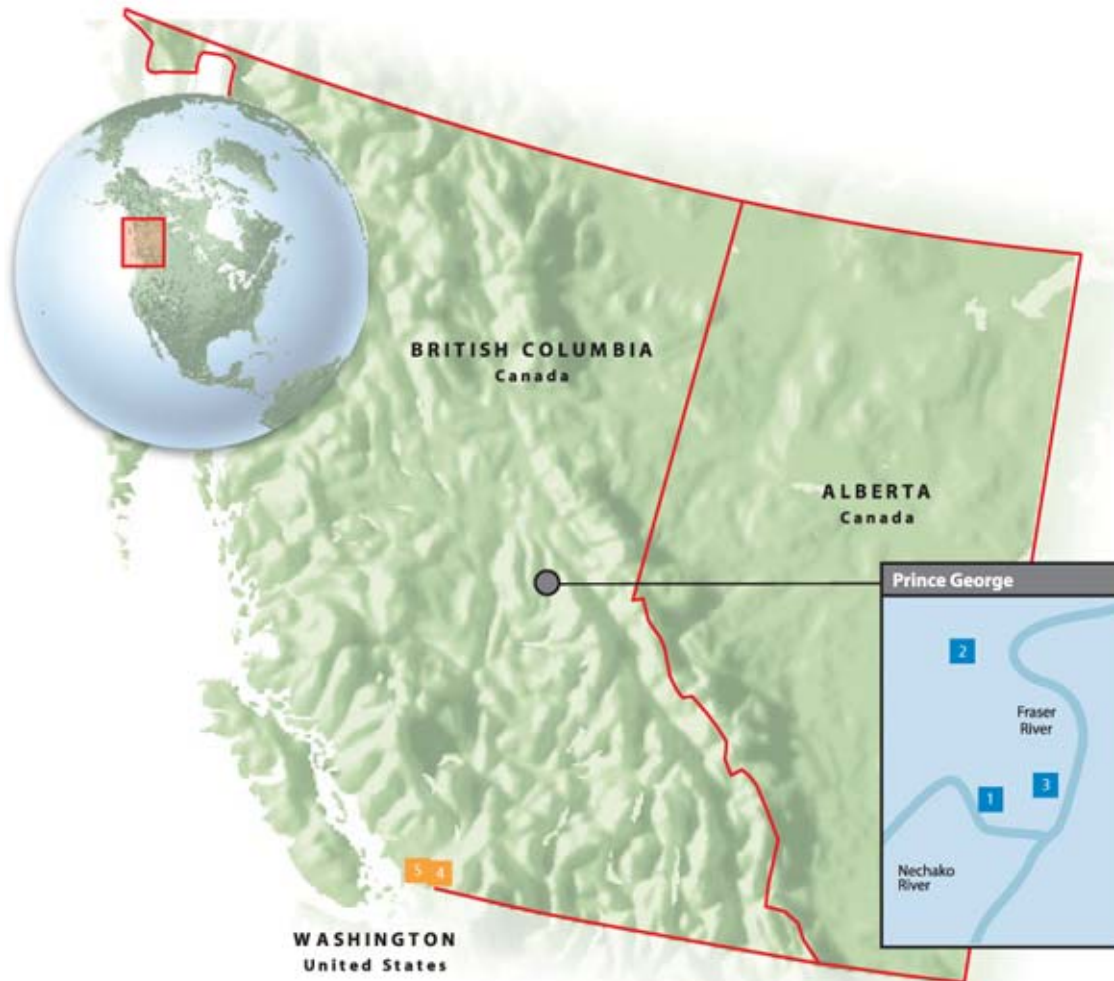
November 2006:

Canfor Corporation dividends out 29.8% of CPLP to their shareholders

Today:

Canfor Corporation owns 50.2% and Canfor Pulp Income Fund owns 49.8%

Our Location



3 mills in the BC Interior:

- 1.1 million tonnes of NBSK pulp
- 140,000 tonnes of Kraft paper
- 4 pulp machines and 1 paper machine

MILL/LOCATION

KEY PRODUCTS

1	Intercontinental	NBSK Pulp
2	Northwood	NBSK Pulp
3	Prince George Pulp & Paper	NSK Pulp
3	Prince George Pulp & Paper	Kraft Paper
4	Head Office - Vancouver	
5	Canfor Pulp R&D Centre - Vancouver	

- Pulp & Paper
- Other

The Operations

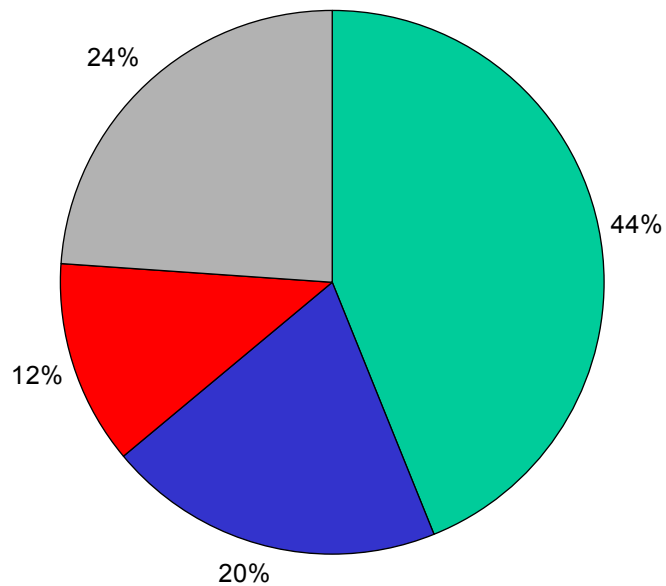
	Northwood	Intercontinental	Prince George Pulp & Paper	
Year Built	1966	1968	1966	
No. of employees*	495	277	365	
Capacity (ADMT**)	590,000	315,000	155,000 (pulp)	140,000 (paper)
Operations	2-line pulp	1-line pulp	1-line pulp	1-line paper
Markets	North America, Europe & Asia			North America & Europe
Products	Bleached NBSK		Semi-bleached and Unbleached	Bleached and Unbleached
Fibre consumed (Oven-dried tonne)	2.5 million			
Certification	ISO 9001 and ISO 14001			

* Total of 1,200 employees. 75% are unionized with the labour agreements expiring April 2012

**air-dried metric tonnes; tonne = metric ton = 2240 lbs

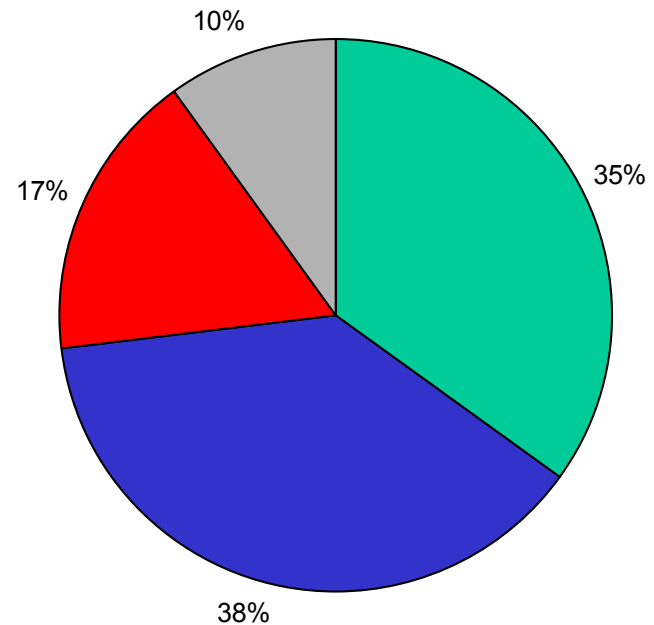
Markets: Supply and Demand by Region

NBSK Supply
~ 14 million tonnes



■ Canada ■ Sweden ■ Finland ■ Other

Chemical Market
Pulp Demand
~ 49 million tonnes



■ Europe ■ Asia ■ N.America ■ Other

Source: PPPC Dec 2008

Financials: Strong Earnings

Selected Quarterly Partnership Financial Information

<i>\$ millions unless otherwise noted</i>	Q4-2008	Q3-2008	Q2-2008	Q1-2008	Q4-2007	Q3-2007	Q2-2007	Q1-2007
Sales	186.1	215.4	212.6	211.4	215.1	211.4	211.4	211.4
EBITDA	9.8	40.6	24.0	42.5	27.9	48.8	51.7	60.1
- EBITDA %	5%	19%	16%	20%	13%	21%	22%	25%
Net Income	(26.0)	11.1	18.2	43.5	12.1	33.2	35.9	48.6
Adjusted Distributable Cash per Unit	0.02	0.53	0.19	0.60	0.19	0.50	0.54	0.72
Shipments (000 tonnes)								
-Pulp	208.2	234.5	233.8	228.9	253.6	257.1	259.8	253.1
-Paper	24.4	31.6	33.7	35.1	32.4	30.8	35.9	30.4
Pulp Price (USD)	787	880	880	880	857	837	810	790
USD/CAD fx rate	0.825	0.960	0.990	0.996	1.019	0.957	0.911	0.854

EBITDA = Earnings before interest, taxes, depreciation and other non-operating income and expenses

Adjusted Distributable Cash = Cash flow from operations less capital expenditures plus non-cash working capital changes

Financials

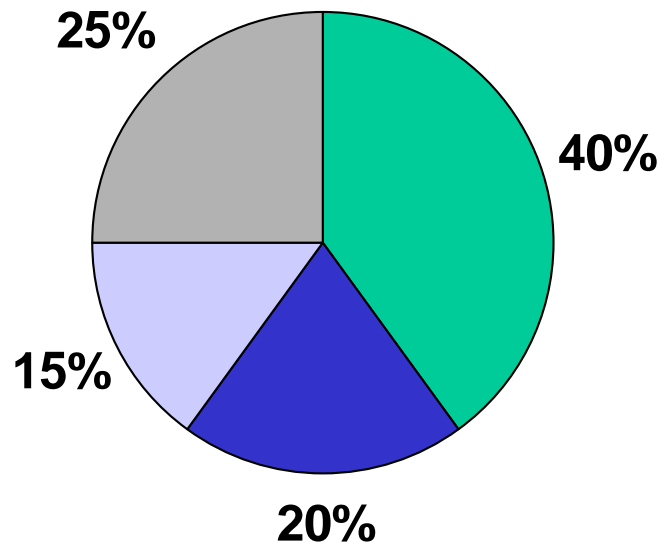
Customers:

- ▶ Top 10 customers made up 60% of Sales
- ▶ Largest customer accounted for 12% of Sales
- ▶ No bad debts in 10 years
 - Managed with letters of credit and insurance
 - Long-term relationships with top tier customers

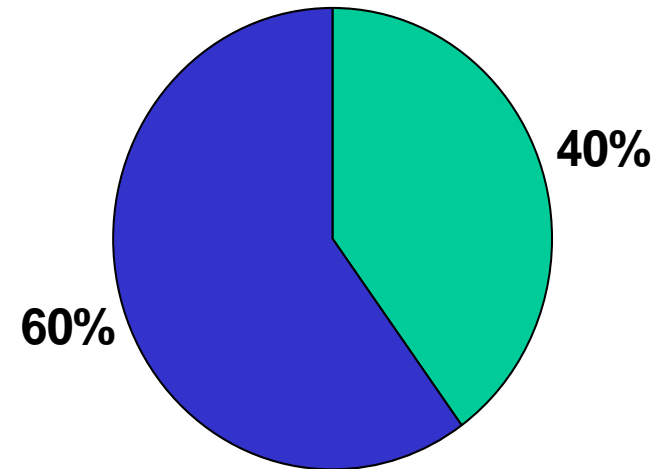
Hedging:

- ▶ Natural gas: to reduce pricing volatility impact on earnings
- ▶ US\$ working capital: lock-in FX rates once a sale is made

Financials: Manufacturing Cost Components



■ Fibre ■ Labour ■ Chemicals ■ Supplies



■ Variable ■ Fixed

Financials: Sensitivities

▶ **Available on www.canforpulp.com and www.sedar.com are:**

- Annual Information Form
- Annual MD&A and Audited financial statements
- Quarterly MD&A and financial statements

▶ **Sensitivities**

(millions of dollars, unaudited)	Impact on annual EBITDA
Cdn dollar – US \$0.01 change per Cdn dollar	\$5
NBSK pulp price – US \$10 change per tonne	\$6
Fibre cost - C\$2 change per oven-dried tonne	\$5
Natural gas cost - \$1 change per gigajoule	\$4