

Quarter 4, 2010 Financial Performance Overview

Presented by:

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Forward-Looking Statements

- The presentation and answers to questions today contain 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. Factors that could have a material impact on any future oriented statements made herein include, but are not limited to: general economic, market and business conditions, product selling prices, raw material and operating costs, foreign exchange rates, interest rates, changes in law and public policy, the outcome of trade and labour disputes, and opportunities available to or pursued by the Company.
- For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation's Annual Report for the year ended December 31, 2009.



Q4 2010 Review: Items Impacting Earnings Comparability

(millions of dollars, except for per share amounts)	Q4 2010		Q3 2010	
	\$	\$/Share	\$	\$/Share
Net income, as reported	\$ 54.9		\$ 33.5	
Less: Non-controlling interests	\$ 24.2		\$ 27.9	
Net income attributable to equity shareholders of the Company	\$ 30.7	\$ 0.21	\$ 5.6	\$ 0.04
Non-operating / unusual items (after-tax, net of non-controlling interests)				
Foreign exchange gain on long-term debt and investments, net	\$ (6.9)	\$ (0.05)	\$ (6.3)	\$ (0.04)
Gain on derivative financial instruments	\$ (0.5)	\$ (0.00)	\$ (1.1)	\$ (0.01)
Gain on sale of operating assets of Howe Sound Pulp & Paper LP	\$ (4.9)	\$ (0.03)	\$ -	\$ -
Increase in fair value of asset-backed commercial paper	\$ (5.5)	\$ (0.04)	\$ -	\$ -
Clear Lake permanent closure provision	\$ -	\$ -	\$ 13.4	\$ 0.09
Net impact of above items	\$ (17.8)	\$ (0.12)	\$ 6.0	\$ 0.04
Net income, as adjusted	\$ 12.9	\$ 0.09	\$ 11.6	\$ 0.08

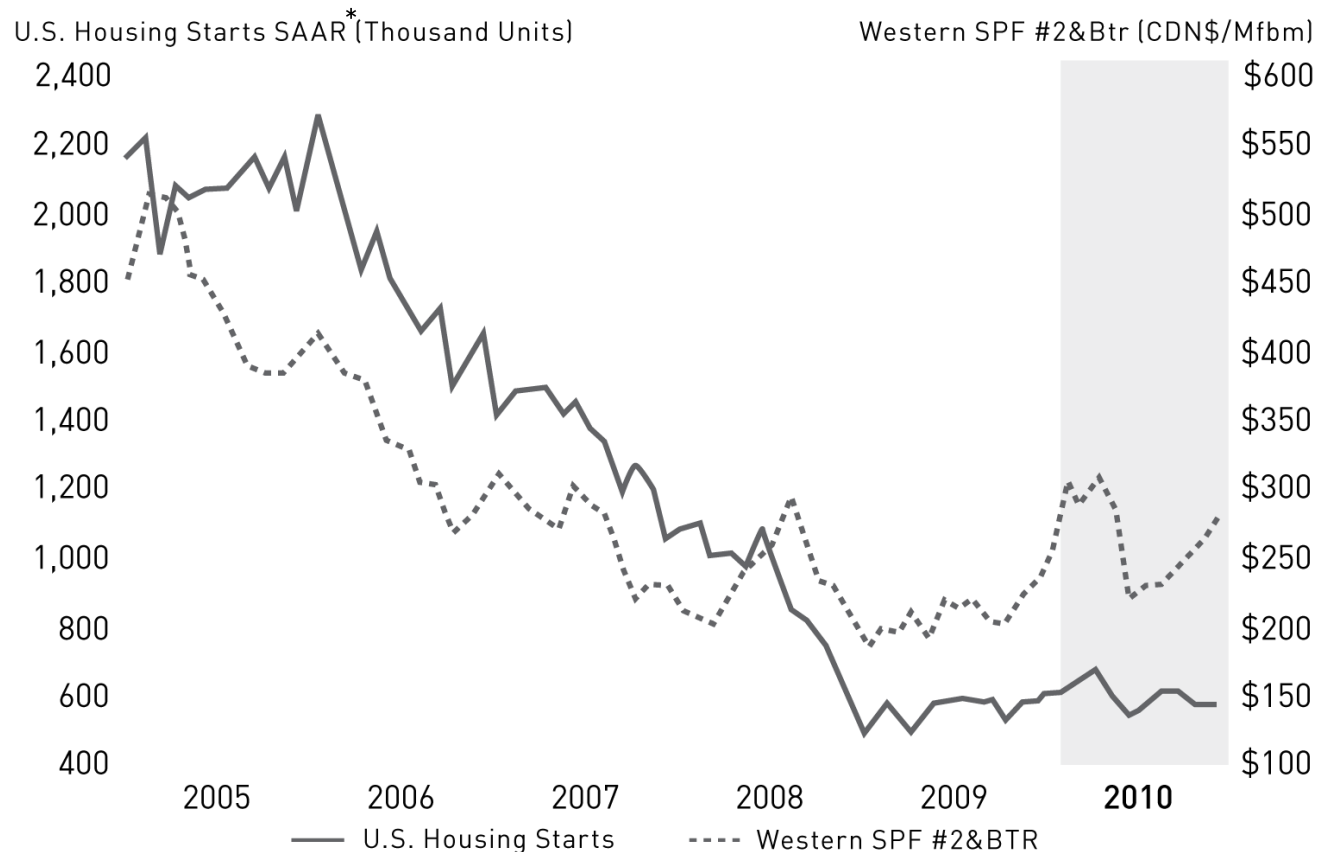


Sales and EBITDA Summary

(millions of dollars unless otherwise noted)	Q4 2010	Q3 2010	Variance
Gross Sales	\$ 629.1	\$ 588.7	\$ 40.4
EBITDA by segment:			
Lumber	\$ 22.1	\$ 4.8	\$ 17.3
Pulp & Paper	\$ 62.6	\$ 65.0	\$ (2.4)
Unallocated and other	\$ (5.7)	\$ (3.8)	\$ (1.9)
Total EBITDA	\$ 79.0	\$ 66.0	\$ 13.0
Inventory adjustments (logs and finished product)	\$ (0.1)	\$ (2.6)	\$ 2.5
Clear Lake permanent closure provision	\$ -	\$ 17.8	\$ (17.8)
Total EBITDA adjusted for above items	\$ 78.9	\$ 81.2	\$ (2.3)
Average Exchange Rate (\$US/\$CDN)	\$ 0.987	\$ 0.962	\$ 0.025
End of Period Exchange Rate (\$US/\$CDN)	\$ 1.005	\$ 0.971	\$ 0.034

History of Lumber Prices (CDN\$) and U.S. Housing Starts

CDN\$ LUMBER PRICES AND U.S. HOUSING STARTS COMPARISON



Source: U.S. Bureau of the Census and Random Lengths Publications, Inc.

Note: Canadian price is calculated at the US price multiplied by the average monthly exchange rates per the Bank of Canada.

* SAAR – Seasonally Adjusted Annual Rate



Lumber: Q4 2010 vs. Q3 2010

	Q4 2010	Q3 2010	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 318.0	\$ 308.3	\$ 9.7
EBITDA, as reported	\$ 22.1	\$ 4.8	\$ 17.3
Total (positive) negative impact from inventory valuation adjustments (logs and finished products)	\$ (0.7)	\$ (0.5)	\$ (0.2)
Clear Lake permanent closure provision	\$ -	\$ 17.8	\$ (17.8)
EBITDA, adjusted for above items	\$ 21.4	\$ 22.1	\$ (0.7)
Average SPF 2x4 #2&Btr price in CDN\$	\$ 273	\$ 232	\$ 41
Average SYP 2x4 #2 lumber price in US\$	\$ 256	\$ 243	\$ 13
Production - SPF lumber (MMfbm)	725	741	(16)
Production - SYP lumber (MMfbm)	83	94	(11)
Shipments - Canfor-produced SPF lumber (MMfbm)	760	736	24
Shipments - Canfor-produced SYP lumber (MMfbm)	93	102	(9)

EBITDA down \$0.7 million to \$21.4 million (before inventory valuation adjustments, Clear Lake closure provision)

- Average Western SPF 2X4 #2&Btr price up \$41 to \$273/mfbm
 - 2x4 benchmark price not representative of price movements for other dimensions / grades which saw more modest gains
- SYP price movements also mixed – modest gains on narrow widths, small price decreases for wider dimensions
- Unit manufacturing costs up 4% from previous quarter
 - Significant downtime related to capital projects in Q4, including Fort St. John sawmill and planer rebuild
 - Higher Q4 energy and log costs, the latter reflecting higher hauling, road construction and purchased wood costs



Pulp & Paper: Q4 2010 vs. Q3 2010

	Q4 2010	Q3 2010	Variance
(millions of dollars unless otherwise noted)			
Sales	\$ 300.8	\$ 269.0	\$ 31.8
EBITDA, as reported	\$ 62.6	\$ 65.0	\$ (2.4)
Average NBSK pulp list price delivered to U.S. - US\$	\$ 967	\$ 1,000	\$ (33)
Average NBSK pulp list price delivered to U.S. - CDN\$	\$ 980	\$ 1,040	\$ (60)
Production - Pulp (000 mt)	321	286	35
Shipments - Canfor-produced pulp (000 mt)	331	277	54

EBITDA down \$2.4 million to \$62.6 million

- US\$ NBSK pulp prices hold firm after Q3 dip in demand, stronger Canadian dollar impacts sales realizations
- Higher production in Q4 reflects Q3 extended scheduled maintenance outage at CPLP's Northwood pulp mill and market curtailment at Taylor pulp.