

# 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. All figures are in US dollars and all comparative figures are with the three months ended September 2007, unless otherwise indicated.

## United States

Nine of the largest public US-based forest and paper companies posted earnings of \$808 million in the third quarter of 2008, down \$149 million from earnings of \$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 \$464 million on the sale of the Australian operations and the sale of the Containerboard, Packaging and Recycling business to International Paper. Smurfit Stone reported an \$84 million benefit from the resolution of Canadian income tax matters. Also, reflected in the 2008 third quarter results is a \$208 million write-down in the carrying value of the Boise Cascade equity investment in Boise Inc.

## Europe

Six of the largest European-based forest and paper companies incurred overall losses of \$314 million in the third quarter of 2008. This is down significantly from the earnings of \$275 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 \$407 million in the third quarter of 2008, down from earnings of \$503 million in 2007. Aracruz registered a net expense of \$1.1 billion due to the loss on derivative transactions. The impact of the derivative loss was reduced by a \$479 million tax credit provision.

### 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
<b>Total</b>	<b>\$808</b>	<b>\$957</b>

### Net Earnings (Loss): Europe Three months ended September 30 US\$ millions

Company Name	2008 Q3	2007 Q3
Svenska Cellulosa	\$199	\$300
Smurfit Kappa	74	122
Metsalitto	(50)	30
UPM	(131)	164
Stora Enso	(179)	(377)
Norske Skog	(227)	36
<b>Total</b>	<b>(\$314)</b>	<b>\$275</b>

### Net Earnings (Loss): Rest of World Three months ended September 30 US\$ millions

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

# Global Forest and Paper Industry Net Earnings Summary

Three months ended September 30, 2008

## 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 \$529 million US in the third quarter. Included were restructuring costs and asset impairment charges of \$292 million compared to \$13 million reported in the same period in 2007. There were pre-tax foreign exchange losses of \$80 million on the translation of US dollar denominated debt, compared to gains of \$231 million in the third quarter of 2007.

Losses of \$220 million for the third quarter of 2008 were incurred by producers in Western Canada. This compares to losses of \$127 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 \$309 million for the third quarter of 2008, compared to losses of \$46 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.

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders.

More than 155,000 people in 153 countries across our network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

## Global Forest & Paper Industry Practice Contacts

**Clive Suckling**  
London, UK  
+44 (0) 20721 34887

**Todd Stroup**  
Atlanta, USA  
+1 678 419 1418

**Craig Campbell**  
Vancouver, Canada  
+1 604 806 7603

[www.pwc.com/fpp](http://www.pwc.com/fpp)

## Net Earnings (Loss): Western Canada

Three months ended September 30

US\$ millions

Company Name	2008 Q3	2007 Q3
West Fraser	(\$2)	(\$12)
Interfor	(8)	(2)
TimberWest	(8)	(5)
Catalyst	(10)	(18)
Millar Western	(10)	7
Western	(24)	(36)
Mercer	(26)	15
Ainsworth	(41)	(36)
Canfor	(91)	(40)
<b>Total</b>	<b>(\$220)</b>	<b>(\$127)</b>

## Net Earnings (Loss): Eastern Canada

Three months ended September 30

US\$ millions

Company Name	2008 Q3	2007 Q3
Domtar	43	36
Tembec	(4)	21
Cascades	(7)	15
Norbord	(18)	(1)
Fraser Papers	(21)	25
AbitibiBowater <sup>1</sup>	(302)	(142)
<b>Total</b>	<b>(\$309)</b>	<b>(\$46)</b>

(1) Results for 2007 represent Bowater only