Canfor Pulp Income Fund

2008 Annual General Meeting

April 29, 2008

Paul Richards, President & CEO
2008 Annual General Meeting Speech

Good morning ladies and gentlemen and welcome to our 2nd annual general meeting.

As you know, CPLP was formed with the spinout of the pulp and paper business in Prince George into an Income Trust in July of 2006. That was still less than 2 years ago, and these comments will be the first to reflect a full year's performance of our business.

The Income Fund owns 49.8% of CPLP, with Canfor Corp. holding 50.2%. My comments refer to the operations of CPLP.

First, let me give you some numbers which reflect how we performed in 2007.

- Total Sales were $922 million.
- Net Income was $130 million.
- Cash distributions were $1.84 per unit for the partnership and the fund.

These numbers are at record levels, are NBSK industry leading, and reflect an excellent operating year.

Pulp markets remained strong throughout the year and pricing levels rose between US $110 and $150 per tonne, depending on the region.

Offsetting this price increase, or perhaps causing it, was the even greater strengthening Canadian dollar resulting in lower pulp prices in Canadian Dollar terms by year's end.

In effect the buyer found prices going up while we, the seller, saw revenues fall.

Probably the greatest challenge facing us throughout the year was the deteriorating situation with regards to US housing starts. Falling to their lowest levels in recent memory, the result was the curtailment and closure of sawmilling facilities throughout Canada, including the Prince George region, resulting in sawmill residual chip reductions and increasing roundwood chipping to make up the fibre requirements for our 3 facilities.

The combination of higher prices for residual chips, and higher cost roundwood chipping operations saw fibre costs rise more than 40% on a year over year basis.

Perhaps the greatest accomplishment achieved in 2007 was the operational performance of our facilities. Our safety performance was at record levels, meaning we had the fewest number of medical treatments ever for our company. All of our employees are to be congratulated for their efforts and success in this area.

In addition, we produced a record 1,175,900 tonnes of pulp and paper, more than 30,000 tonnes better than the previous best which was in 2006. Again congratulations are in order.

This was the second year in a row that production attained record rates and reflects the continued improvement in mill reliability and operating rate increases with the successful application of modest capital to bottlenecked areas of the mills.

All in all, 2007 would have to be considered an excellent year.

So what does 2008 look to have in store for us?

Well, let me first review the Q1 results that were released this morning.

- Sales were $211 million
- Net Income was $43.5 million
- Cash distributions were $25.6 million or 0.36¢ per unit

The first quarter results were quite good with both Intercon and Northwood running very well.

We did have the unfortunate fire in the chip handling facilities at the Prince George facility, but our workforce worked quickly to install a temporary system which was up and running in about 5 ½ weeks. This system is allowing the mill to operate at close to full rate, although operating and cost efficiencies are slightly reduced without proper chip screening. We expect to have a new screening system in place and fully operational by Q4.

The financial impacts of this fire have been mitigated by insurance.

As we look forward for the remainder of the year, we hope to see markets remaining strong. There has been an increase in softwood pulp inventories in the past number of months from a tight 25 days to 33 days. The Industry is entering a period of significant maintenance which is normal for Q2 which should keep pulp inventories balanced.

In addition there has been price increases announced in Europe. To some degree this is due to supply / demand fundamentals, but to an even greater extent to rising pulp costs due to chip price increases, rising energy prices, currency appreciation, and also to increasing freight rates. All of these cost factors are affecting our business as well.

I am increasingly of the belief that continued low housing starts will result in even further sawmill capacity curtailments and further pressure on supply and prices. CPLP is fortunate to have whole log chipping capacity and a significant inventory of chips on hand to help weather this direction should it occur.

About 28% of our chip supply in Q1 was sourced from whole log chips.

In this current quarter, CPLP has scheduled a minor 3 day shutdown at the Intercon facility and a slightly longer than usual maintenance shutdown at the Northwood plant to effect regular repairs and also to perform some capital upgrades which are designed to increase overall capacity. Total production downtime will be more than 30,000 tonnes. Later in Q4, we will take the maintenance shutdown at our Intercon mill for regular annual maintenance and to upgrade and increase the capacity of its pulp machine. Overall production levels will be lower in 2008 than 2007 due to these improvement plans, but production growth should resume in 2009.

CPLP has said that it is looking for opportunities for growth in its energy production. We have been reviewing possibilities for capital projects involving bio energy, and have several interesting ideas.

The challenge in committing capital to a large project comes with the uncertainty of residual fuel availability due to current sawmill operating rates, and the increasing delays and spiraling costs of new equipment. However, we continue to look for opportunities that are economically attractive, both on a large and smaller scale.

2008 is also a year that CPLP will be renegotiating its labor contracts. The current 5 year deal expires actually tomorrow and negotiations begin in early May.

Finally, I would like to welcome a new member to the CPLP executive team. Late in 2007, our CFO Tom Sitar moved on to the Mother Ship, Canfor, as their CFO. We have been fortunate to be able to bring Terry Hodgins into the fold. Terry, who is well know to us and had helped with the original CPLP spinout kindly agreed to take on the CFO position and we are grateful for that.

Thanks Terry.

In addition, there were 2 new additions to our Management Team in 2007. Martin Pudlas assumed the role of General Manager at our Northwood facility and Rick Pingel was promoted to the position of General Manager Logistics and Procurement. Congratulations both.

I would like to congratulate and thank all of our employees for achieving our excellent performance in 2007 and I hope that 2008 can follow a similar path.

I would also like to thank the Board of Directors for their continued valued advice, in particular, the Chairman, Dr. Jago. And I would like to also thank our customers and investors for their interest and support.

Thank you all for attending.