

February 18, 2011

## Canfor Pulp Products Inc. Provides Tax Information for 2010 Distributions

Vancouver, B.C. - Canfor Pulp Products Inc. ("CPPI") (TSX:CFX) today reported the tax information for cash distributions declared in 2010 to unitholders of Canfor Pulp Income Fund (the "Fund") resident in Canada and the United States.

Unitholders are strongly encouraged to consult with their tax advisors with respect to their particular circumstances.

### Canadian Tax Information for Unitholders Resident in Canada

The following information is based on the Fund's understanding of the Income Tax Act (Canada) and regulations thereunder, and is provided for general information only.

For unitholders holding their Fund units within an RRSP, RRIF, RESP or DPSP (collectively Deferred Plan), no amounts of distributions received from the Fund are required to be reported for tax purposes.

Unitholders, who held their Fund units outside the Deferred Plans through a broker or other intermediary, will receive "T3 Supplementary" slips directly from their broker or intermediary, not from the transfer agent of the Fund. The full amount (100%) of the distributions declared by the Fund in 2010 are taxable as income. Details of the distributions declared are shown in the table below:

<u>Record Date</u>	<u>Payment Date</u>	<u>Total Cash Distribution Cdn\$ Per Fund Unit</u>	<u>Taxable Amount Other Income Cdn\$ Per Fund Unit</u>
Jan 29/10	Feb 15/10	\$0.08	\$0.08
Feb 26/10	Mar 15/10	\$0.12	\$0.12
Mar 31/10	Apr 15/10	\$0.12	\$0.12
Apr 30/10	May 14/10	\$0.12	\$0.12
May 31/10	Jun 15/10	\$0.20	\$0.20
Jun 30/10	Jul 15/10	\$0.20	\$0.20
Jul 30/10	Aug 13/10	\$0.22	\$0.22
Aug 31/10	Sep 15/10	\$0.22	\$0.22
Sep 30/10	Oct 15/10	\$0.25	\$0.25
Oct 29/10	Nov 15/10	\$0.25	\$0.25
Nov 30/10	Dec 15/10	\$0.25	\$0.25
Dec 31/10	Jan 14/11	\$0.55	\$0.55

### Tax Information for Unitholders Resident in the United States

The Fund believes that all distributions declared in 2010 are considered foreign-source dividend income under U.S. federal income tax principles. Providing that applicable holder-level requirements are met, these distributions are "qualified dividends" eligible for taxation at reduced rates under U.S. federal income tax legislation. However, the Fund has not received

an IRS letter ruling regarding this matter and the individual taxpayers must consider their situation before making this determination.

Generally, distributions payable to non-residents of Canada are normally subject to a withholding tax of 25% as prescribed by the Income Tax Act (Canada). However, the withholding tax rate for residents of the United States is prescribed at 15% in accordance with the Canada – U.S. income tax treaty. U.S. taxpayers may be eligible for a foreign tax credit with respect to Canadian withholding taxes paid.

### **About Canfor Pulp Income Fund**

Canfor Pulp Income Fund (the "Fund") was an unincorporated, open-ended trust established under the laws of Ontario, created to indirectly acquire and hold an interest in Canfor Pulp Limited Partnership (the "Partnership"). The Fund indirectly held a 49.8% interest in the Partnership with Canadian Forest Products Ltd., a subsidiary of Canfor Corporation (collectively Canfor) holding the remaining 50.2% interest in the Partnership.

For more information about CPPI and the Partnership, please visit [www.canforpulp.com](http://www.canforpulp.com).

### **Forward Looking Statements**

Certain statements in this press release 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 the Fund with the securities regulatory authorities in all of the provinces and territories of Canada to which recipients of this press release are referred to for additional information concerning the Fund and Partnership, its prospects and uncertainties relating to the Fund and 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 Fund and 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 Fund and Partnership assume no obligation to update such information to reflect later events or developments, except as required by law.

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