

**PRIOR TO COMPLETING THIS LETTER OF TRANSMITTAL, YOU ARE STRONGLY URGED TO
READ THE INFORMATION CIRCULAR OF CANFOR CORPORATION DATED APRIL 28, 2006**

**LETTER OF TRANSMITTAL
FOR REGISTERED HOLDERS OF COMMON SHARES**

OF

CANFOR CORPORATION

EXCHANGE FOR NEW COMMON SHARES OF CANFOR CORPORATION
AND FUND UNITS OF CANFOR PULP INCOME TRUST

TO: CANFOR CORPORATION
AND TO: CANFOR PULP INCOME FUND
AND TO: CIBC MELLON TRUST COMPANY
at its address set out on the back page of this Letter of Transmittal

This Letter of Transmittal (the "Letter of Transmittal") is for use by registered holders ("Canfor Shareholders") of common shares ("Canfor Shares") of Canfor Corporation ("Canfor") in connection with a proposed arrangement ("Arrangement") under Section 288 of the *Business Corporations Act* (British Columbia) involving Canfor and its shareholders as described in the Information Circular ("Information Circular") of Canfor dated April 28, 2006 that accompanies this Letter of Transmittal. Capitalized terms used but not defined in this Letter of Transmittal shall have the meanings given to them in the Information Circular.

If the Arrangement becomes effective, Canfor Shareholders will receive one New Common Share and 0.1 of a Fund Unit for every Canfor Share held by them. The Effective Date of the Arrangement is anticipated to be July 1, 2006.

This Letter of Transmittal is for use by Canfor Shareholders to exchange their Canfor Shares for New Common Shares and Fund Units.

The Instructions set out below should be read carefully before this Letter of Transmittal is completed.

A Canfor Shareholder must deposit his or her Canfor Shares with CIBC Mellon Trust Company (the "Depository") by delivering the certificate or certificates representing such shares in the return envelope provided to CIBC Mellon Trust Company, Attention: Special Projects Department at one of the Depository's addresses set out on the back page of this Letter of Transmittal.

IN ORDER FOR A REGISTERED CANFOR SHAREHOLDER TO EXCHANGE HIS OR HER CANFOR SHARES FOR NEW COMMON SHARES AND FUND UNITS, THE CANFOR SHAREHOLDER IS REQUIRED TO DEPOSIT WITH THE DEPOSITARY BOTH THE CERTIFICATES REPRESENTING CANFOR SHARES AND THIS LETTER OF TRANSMITTAL, PROPERLY COMPLETED AND SIGNED.

DELIVERY OF CERTIFICATE FOR CANFOR SHARES

The undersigned hereby deposits with the Depository, for exchange upon the Effective Date, the enclosed certificate or certificates for Canfor Shares, details of which are as follows(*):

Number of Canfor Shares	Name and Address of Registered Holder	Certificate Number

(*) If space is insufficient, please attach a separate list to this Letter of Transmittal.

DELIVERY OF CERTIFICATE FOR NEW COMMON SHARES

Unless otherwise indicated in Box C or D below (in which case delivery should be made in accordance with those instructions), the certificates for New Common Shares will be issued in the name of the undersigned and forwarded to the undersigned at the address specified in Box A below (or if no such address or delivery instructions are made, to the latest address of record on Canfor’s share register).

NO DELIVERY OF CERTIFICATE FOR FUND UNITS

Until Registered Canfor Shareholders deposit the certificates representing their Canfor Shares together with a properly completed Letter of Transmittal, their Fund Units will be held by the Depository on a non-certificated basis. Registration of interests in and transfers of the Fund Units will be made only through participants in The Canadian Depository for Securities Limited (“CDS”). Certificates representing the Fund Units will not be issued to Fund Unitholders. Canfor Shareholders must identify a participant in the CDS depository services (a “CDS Participant”) through which their Fund Units will be held. The CDS Participant should be identified in Box B below. **The customer unit identification (“CUID”) of the CDS Participant must be included for this Letter of Transmittal to be properly completed.** The CUID is a four letter code which CDS and CDS Participants use to identify each other. All CDS Participants will have a CUID.

Canfor Shareholders who exchange their Canfor Shares for New Common Shares and Fund Units under this Letter of Transmittal will receive certificates representing New Common Shares but will not receive certificates representing Fund Units. Upon exchange of the Canfor Shares for Fund Units, Canfor Shareholders will receive only a customer confirmation from the CDS Participant which the Canfor Shareholder has identified in Box B below. Subsequently, all rights of Fund Unitholders may be exercised through, and all payments or other property to which such Fund Unitholder is entitled may be made or delivered by, CDS or the CDS Participant through which the Fund Unitholder holds such Fund Units.

No fractional Fund Units will be transferred to Registered Canfor Shareholders. Any Registered Canfor Shareholder otherwise entitled to a fraction of a Fund Unit will instead receive a cash payment equal to the product of that fractional interest and the Average Trading Price of Fund Units.

TAX ELECTION

A Canfor Shareholder (other than a Dissenting Shareholder) may make a joint election (the "Election") with Canfor pursuant to subsection 85(1) of the Tax Act in connection with the exchange of Canfor Shares for New Common Shares and Fund Units under the Arrangement. A Canfor Shareholder who wishes to make the Election may so indicate on this Letter of Transmittal by completing Box G. Canfor will send by ordinary mail the relevant federal tax election forms (the "Forms") for the Election to each Canfor Shareholder that has completed Box G as soon as practicable after receipt of the Canfor Shareholder's Letter of Transmittal.

In order to proceed with the Election, a Canfor Shareholder must provide to the Depositary, at any of its addresses set out on the back page of this Letter of Transmittal, two signed and duly completed copies of the Forms within 90 days following the Effective Date. In accordance with the Plan of Arrangement, and subject to the Forms provided to the Depositary by the Canfor Shareholder being in apparent compliance with the Tax Act, Canfor will execute and complete the Forms and return one copy to the Canfor Shareholder. The Canfor Shareholder wishing to make the Election must file the completed Forms with the Canada Revenue Agency.

COVENANTS OF THE UNDERSIGNED CANFOR SHAREHOLDER

The undersigned covenants, represents and warrants that: (i) the undersigned is the legal owner of the Canfor Shares being deposited; (ii) such shares are owned by the undersigned free and clear of all hypothecs, mortgages, liens, charges, encumbrances, security interests and adverse claims; (iii) the undersigned acknowledges receipt of the Information Circular; (iv) the undersigned is a Non-Resident or not a Non-Resident of Canada, as indicated in Box F below; (v) the undersigned has full power and authority to execute and deliver this Letter of Transmittal and all information inserted into this Letter of Transmittal by the undersigned is accurate; (vi) the undersigned will execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the exchange of certificate(s) representing Canfor Shares; and (vii) acknowledges that all authority conferred or agreed to be conferred by the undersigned herein may be exercised during any subsequent legal incapacity of the undersigned and shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned herein shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

By virtue of the execution of this Letter of Transmittal, the undersigned shall be deemed to have agreed that all questions as to validity, form, eligibility (including timely receipt) and acceptance of any Canfor Shares deposited for exchange will be determined by Canfor in its sole discretion and that such determination shall be final and binding and the undersigned acknowledges that there shall be no duty or obligation on either Canfor, the Fund, the Depositary, or any other person to give notice of any defect or irregularity and no liability shall be incurred by any of them for failure to give such notice.

The covenants, representations and warranties of the undersigned herein contained shall survive the completion of the Arrangement.

The undersigned revokes any and all authority, other than as granted in this Letter of Transmittal or a proxy granted for use at the Meeting, whether as agent, attorney-in-fact, attorney, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Canfor Shares being deposited. No subsequent authority, other than a proxy granted for use at the Meeting to be held to consider the Arrangement, whether as agent, attorney-in-fact, attorney, proxy or otherwise will be granted with respect to the deposited Canfor Shares.

If the Arrangement is not completed, the deposited Canfor Shares and all other ancillary documents will be returned by insured first class mail, postage prepaid, to the undersigned. The undersigned recognizes that Canfor has no obligation pursuant to the instructions given below to exchange any of the undersigned's Canfor Shares if the Arrangement is not completed.

SPECIAL INFORMATION FOR U.S. CANFOR SHAREHOLDERS

Qualified U.S. Canfor Shareholder

Each U.S. Canfor Shareholder who satisfies the requirements for treatment as a Qualified U.S. Canfor Shareholder will receive Fund Units distributable to Canfor Shareholders under the Arrangement if such U.S. Canfor Shareholder submits (and does not withdraw) on or before the Effective Date a Qualified Purchaser Certification, the form of which is attached as Appendix A to this Letter of Transmittal, certifying such U.S. Canfor Shareholder's status as a Qualified U.S. Canfor Shareholder.

Non-Qualified U.S. Canfor Shareholder

Each U.S. Canfor Shareholder who (a) submits a Qualified Purchaser Certification certifying such U.S. Canfor Shareholder's status as a Non-Qualified U.S. Canfor Shareholder or, (b) fails to submit a Qualified Purchaser Certification on or before the Effective Date, will not receive Fund Units. Instead, the Fund Units that each such U.S. Canfor Shareholder would otherwise have received will be pooled and sold in the Canadian market as soon as practical following the Effective Date on behalf of all such U.S. Canfor Shareholders, and each such U.S. Canfor Shareholder will receive a cash payment representing such shareholder's *pro rata* interest in the net proceeds from the sale of such pooled Fund Units. For each U.S. Canfor Shareholder who submits, on or before the Effective Date, a properly completed and executed Qualified Purchaser Certification certifying that such shareholder is a Non-Qualified U.S. Canfor Shareholder, Canfor will pay the fees and costs associated with such pooling and sale.

Qualified Purchaser Certification — APPENDIX A

Each U.S. Canfor Shareholder must complete both this Letter of Transmittal and the Qualified Purchaser Certification attached as Appendix A. In order to be effective the Qualified Purchaser Certification must be submitted on or before the Effective Date, which is anticipated to be July 1, 2006.

It is important for all U.S. Canfor Shareholders, including U.S. Canfor Shareholders who are not Qualified U.S. Canfor Shareholders or who cannot otherwise satisfy the requirements to receive Fund Units, to submit a properly completed and executed Qualified Purchaser Certification. U.S. Canfor Shareholders who do not submit a properly completed and executed Qualified Purchaser Certification on or before the Effective Date will not be entitled to receive Fund Units. Furthermore, Canfor will pay the fees and costs associated with pooling and selling Fund Units of Non-Qualified U.S. Canfor Shareholders who have submitted properly completed and executed Qualified Purchaser Certifications indicating that they are not eligible to receive Fund Units, but will not pay such fees and costs for those Non-Qualified U.S. Canfor Shareholders who have not submitted properly completed and executed Qualified Purchaser Certifications.

Attached as Appendix A hereto is the form of Qualified Purchaser Certification which is to be completed, executed and submitted to Canfor and the Fund by each U.S. Canfor Shareholder on or before the Effective Date. In order for a U.S. Canfor Shareholder to be deemed a Qualified U.S. Canfor Shareholder for purposes of the Arrangement, such U.S. Canfor Shareholder must indicate in a properly completed, executed and submitted Qualified Purchaser Certification that such U.S. Canfor Shareholder is a Qualified U.S. Canfor Shareholder, satisfies certain additional requirements under applicable United States securities laws, and agrees to certain restrictions with regard to the Fund Units.

INSTRUCTIONS FOR COMPLETING THIS LETTER OF TRANSMITTAL

1. Use of Letter of Transmittal.

- (a) This Letter of Transmittal (or a manually executed copy hereof) properly completed and signed as required by the instructions set forth below, together with accompanying certificates representing the Canfor Shares and all other documents required by the terms of the Arrangement and this Letter of Transmittal must be received by the Depository at one of its offices specified on the back page of this Letter of Transmittal.
- (b) The method used to deliver this Letter of Transmittal and any accompanying certificates representing Canfor Shares and all other required documents is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received. It is recommended that the necessary documentation be hand delivered to the Depository at any of its offices specified on the back page of this Letter of Transmittal, and a receipt obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained. **Canfor Shareholders whose Canfor Shares are registered in the name of a nominee should contact their stockbroker, investment dealer, bank, trust company or other nominee for assistance in depositing those Canfor Shares.**

2. Special Registration and Delivery Instructions.

Boxes C and D, as applicable, should be completed if the certificates for New Common Shares to be issued pursuant to the Arrangement are to be: (a) registered in the name of a person other than the person signing the Letter of Transmittal; (b) sent to someone other than the person signing the Letter of Transmittal or to the person signing the Letter of Transmittal at an address other than that contained in Box A.

3. CDS Participant.

Registration of interests in and transfers of the Fund Units will be made only through CDS Participants. Canfor Shareholders must identify a CDS Participant through which their Fund Units will be held. The CDS Participant should be identified in Box B. Canfor Shareholders should contact their broker or investment dealer for instructions and assistance in identifying a CDS Participant.

4. Signatures.

This Letter of Transmittal must be completed and signed by the holder of Canfor Shares (or by such holder's duly authorized representative in accordance with paragraph 6 below).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such transmitted certificate(s) are owned of record by two or more joint owners, all such owners must sign the Letter of Transmittal.
- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Canfor Shares or if New Common Shares and Trust Units are to be issued to a person other than the registered holder(s):
 - (i) such deposited certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be guaranteed as noted in paragraph 5 below.

5. Guarantee of Signatures.

If this Letter of Transmittal is executed by a person other than the registered owner(s) of the Canfor Shares, such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depository (except that no guarantee is required if the signature is that of an Eligible Institution).

An "Eligible Institution" means a Canadian scheduled chartered bank, a major trust company in Canada, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United

States, members of the Investment Dealers Association of Canada, members of the National Association of Securities Dealers or banks or trust companies in the United States.

6. **Fiduciaries, Representatives and Authorizations.** Where this Letter of Transmittal or any certificate or share transfer or power of attorney is executed by a person as an executor, administrator, trustee, guardian, attorney-in fact or agent or on behalf of a corporation, partnership or association or is executed by any other person acting in a fiduciary or representative capacity, this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. Canfor and the Depository, at their discretion, may require additional evidence of authority or additional documentation.
7. **Miscellaneous.**
 - (a) If the space on this Letter of Transmittal is insufficient to list all certificates for Canfor Shares, additional certificate numbers and number of Canfor Shares may be included on a separate signed list affixed to this Letter of Transmittal.
 - (b) If Canfor Shares are registered in different forms (e.g. "John Doe" and "J. Doe") a separate Letter of Transmittal should be signed for each different registration.
 - (c) No alternative, conditional or contingent deposits will be accepted.
 - (d) The holder of the Canfor Shares covered by this Letter of Transmittal hereby unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia and the courts of appeal therefrom.
 - (e) Additional copies of the Letter of Transmittal may be obtained on request and without charge from the Depository at any of its offices specified on the back page of this Letter of Transmittal.
8. **Lost or Destroyed Certificates.** If a share certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss of the share certificate, to the Toronto office of the Depository. The Depository will respond with the replacement requirements, which must be properly completed and submitted in good order to the Depository before the New Common Shares and Fund Units will be issued.

LETTER OF TRANSMITTAL

Please carefully review the Instructions before completing the following information:

BOX A

NAME OF SHAREHOLDER

(Name) (Please Print)

(Street Address)

(City) (Province or State) (Postal or Zip Code)

(Telephone — Business Hours)

(Social Insurance or Social Security Number)

BOX B

CDS Participant for Fund Units

The Fund Units will be held through the CDS Participant indicated below:

(Name) (Please Print)

(Street Address)

(City) (Province or State) (Postal or Zip Code)

(Telephone — Business Hours)

(CUID of CDS participant)

BOX C

SPECIAL REGISTRATION INSTRUCTIONS
(See Instruction 2)

To be completed ONLY if the certificates for New Common Shares are NOT to be registered in the name of the undersigned.

In the Name of

(please print)

(Street Address)

(City) (Province or State) (Postal or Zip Code)

BOX D

SPECIAL DELIVERY INSTRUCTIONS
(See Instruction 2)

To be completed ONLY if the certificates for New Common Shares are to be sent to someone or to an address other than the name and address of the undersigned specified below the signature of the undersigned.

To

(please print)

(Street Address)

(City) (Province or State) (Postal or Zip Code)

BOX E

Check here if the certificates for New Common Shares are to be held for pick-up at the office of the Depository at which this Letter of Transmittal is deposited.

BOX F

INFORMATION REGARDING RESIDENCE OF CANFOR SHAREHOLDERS

The undersigned represents that he, she or it:

is not a Non-Resident of Canada for tax purposes

OR

is a Non-Resident of Canada for tax purposes

For shareholders that are Non-Residents of Canada, indicate country of residence: _____

BOX G

Check here if you intend to make a joint tax election with Canfor under subsection 85(1) (or, if you are a partnership, subsection 85(2)) of the Tax Act with respect to the disposition of your Canfor Shares. Further information on making the tax election is contained in the Information Circular under the section entitled "The Spinout — Certain Canadian Federal Income Tax Considerations".

Check here if you are a partnership and intend to make a joint tax election.

Signature Guaranteed By:
(if required under Instruction 5)

DATED _____, 2006

Authorized Signature

Signature of Holder or Authorized Representative

Name of Guarantor (Please Print)

(Signature of any Joint Holder)

Address (Please Print or Type)

Name of Shareholder (Please Print)

(Name of Authorized Representative)(Please print)

APPENDIX A

QUALIFIED PURCHASER CERTIFICATION

(to be completed by all U.S. Canfor Shareholders)

TO BE EFFECTIVE THIS CERTIFICATE MUST BE RECEIVED BY THE DEPOSITARY ON OR BEFORE THE EFFECTIVE DATE OF THE ARRANGEMENT

Canfor Corporation
Pulp Income Fund
CIBC Mellon Trust Company

Dear Sirs:

This letter is delivered in connection with Canfor Corporation's ("Canfor") proposed Spinout transaction relating to Canfor's Pulp Business, as more fully described in the Information Circular of Canfor dated April 28, 2006 (the "Information Circular"). All capitalized terms not defined in this document have the meanings ascribed to such terms in the Information Circular.

We understand that:

- (a) As more fully described in the Information Circular in connection with the Spinout, Qualified U.S. Canfor Shareholders are entitled to receive one New Share and 0.1 of a Fund Unit in exchange for one Canfor Share, while Non-Qualified U.S. Canfor Shareholders are entitled to receive one New Share and a cash payment in lieu of Fund Units in exchange for one Canfor Share;
- (b) The Fund has not and will not be registered as an "investment company" pursuant to the U.S. Investment Company Act of 1940 and the regulations issued thereunder (the "1940 Act") and, therefore, the transfer of the Fund Units will be subject to the restrictions of the 1940 Act and the rules promulgated thereunder; and
- (c) As more fully described in the Information Circular, in order to qualify as a Qualified U.S. Canfor Shareholder in connection with the Spinout, a U.S. Canfor Shareholder is required to certify to Canfor and the Fund that such U.S. Canfor Shareholder is a "Qualified Person" within the meaning of Section 2(a)(51)(A) of the 1940 Act;

Based on our review of the Information Circular and the documents attached and incorporated by reference thereto, and based on our independent review of the applicable law and regulations applicable to the Spinout as applicable to us, we hereby certify to Canfor and the Fund as follows (please tick either Box 1 or Box 2):

Box 1: As of the date hereof, or as of the date of distribution of Fund Units under the Spinout, we are or will be a Non-Qualified U.S. Canfor Shareholder since we are not or will not be a "Qualified Purchaser" within the meaning of section 2(a)(51)(A)(iv) of the 1940 Act (a "Qualified Purchaser") or we are a resident of the State of California or the Commonwealth of Massachusetts and do not satisfy any of the criteria set out in 2(b)(ii) or 2(c)(ii) below.

Box 2: As of the date hereof, and as of the date of distribution of Fund Units under the Spinout, we are and will be a Qualified U.S. Canfor Shareholder since we are and will be:

(a) a "Qualified Purchaser" within the meaning of Section 2(a)(51)(A)(iv) of the 1940 Act (a "Qualified Purchaser"), and have indicated in the list below the test of Qualified Purchaser status that we satisfy:

- A. _____ A natural person who owns not less than U.S.\$5 million in investments (as defined by the SEC);
- B. _____ A company that owns not less than U.S.\$5 million in investments and that is owned directly or indirectly by or for 2 or more natural persons who are related as siblings or spouses (or former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations or trusts established by or for the benefit of such persons;
- C. _____ A trust that is not covered by clause B above and that was not formed for the specific purpose of acquiring the Fund Units, as to which the trustee or other person authorized to make decisions with respect to the trust and each settlor of other person who has contributed assets to the trust is a person described in clause A or B above or clause D below; or
- D. _____ A person, acting for its own account or the account of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than U.S.\$25 million in investments.

AND

(b) (i) _____ we are not as of the date hereof, and will not be as of the date of distribution of Fund Units in accordance with the Spinout, a resident of the State of California.

OR

(ii) (A) _____ we are as of the date hereof, and/or will be as of the date of distribution of Fund Units in accordance with the Spinout, a resident of the State of California;

AND

(B) we qualify as at least one of the types of entities listed below and have indicated in the list below as to which of the listed entity types we qualify.

1. _____ A bank or a wholly-owned subsidiary thereof.
2. _____ A savings and loan association or a wholly-owned subsidiary thereof.
3. _____ A trust company or a wholly-owned subsidiary thereof.
4. _____ An insurance company or a wholly-owned subsidiary thereof.
5. _____ An “investment company” that is registered as such under the 1940 Act or a wholly-owned subsidiary thereof.
6. _____ A pension or profit-sharing trust (other than a pension or profit-sharing trust of Canfor, a self-employed individual retirement plan or an individual retirement account) or a wholly-owned subsidiary thereof.
7. _____ An organization described in Section 501(c)(3) of the Internal Revenue Code, as amended to December 29, 1981, which has total assets (including endowment, annuity and life income funds) of not less than \$5,000,000, according to its most recent audited financial statement, or a wholly-owned subsidiary thereof.
8. _____ A corporation which has a net worth on a consolidated basis of not less than \$14,000,000, or a wholly-owned subsidiary thereof.
9. _____ An agency or instrumentality of the United States federal government, a corporation wholly-owned by the United States federal government, a state, a city, a city and county, a county, any agency or instrumentality of a state, city, city and county or county, a state university or state college or a retirement system for the benefit of employees of any of the foregoing.

AND

(c) (i) _____ we are not as of the date hereof, and will not be as of the date of distribution of Fund Units in accordance with the Spinout, a resident of the Commonwealth of Massachusetts.

OR

(ii) (A) _____ we are as of the date hereof, and/or will be as of the date of distribution of Fund Units in accordance with the Spinout, a resident of the Commonwealth of Massachusetts;

AND

(B) we qualify as at least one of the types of entities listed below and have indicated in the list below as to which of the listed entity types we qualify.

1. _____ A bank.
2. _____ A savings institution.
3. _____ A trust company.
4. _____ An insurance company.
5. _____ An investment company as defined in the 1940 Act.
6. _____ A pension or profit-sharing trust.
7. _____ An entity with total assets in excess of \$5 million and which is: (i) an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, or (ii) a self-directed employee benefit plan within the meaning of ERISA, with investment decisions made by a person that is an accredited investor as defined in s. 501(a) of SEC Regulation D (17 CFR 230.501(a)).
8. _____ An employee benefit plan within the meaning of ERISA with investment decisions made by a plan fiduciary, as defined in Section 2(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser.
9. _____ A broker-dealer.
10. _____ Any other financial institution or institutional buyer, including, but not limited to:
 - A Small Business Investment Company licensed by the U.S. Small Business Administration under the Small Business Investment Act of 1958, as amended;
 - A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended;
 - A Business Development Company as defined in Section 2(a)(48) of the 1940 Act;
 - An entity with total assets in excess of \$5 million and which is either: (i) a company (whether a corporation, a Massachusetts or similar business trust or a partnership) not formed for the specific

purpose of acquiring the securities offered, a substantial part of whose business activities consists of investing, purchasing, selling or trading in securities issued by others and whose investment decisions made by persons who are reasonably believed by the seller to have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of investments, or (ii) an organization described in Section 501(c)(3) of the Internal Revenue Code; or

- A Qualified Institutional Buyer as defined in Rule 144A under the 1933 Act.

If we have certified that we are a Qualified U.S. Canfor Shareholder by ticking Box 2 above, we represent, acknowledge and agree that:

- (d) We are receiving the Fund Units for investment and not with a view to or for sale in connection with any distribution of the Fund Units.
- (e) **If we decide to offer, sell or otherwise transfer or pledge all or any part of the Fund Units, we will not offer, sell or otherwise transfer or pledge any of such Fund Units, directly or indirectly unless:**
 - (i) **the sale is to the Fund; or**
 - (ii) **the sale is made outside the United States in accordance with the requirements of Rule 904 of Regulation S under the 1933 Act and in compliance with applicable local laws and regulations; or**
 - (iii) **if such sale is within the United States or otherwise to a U.S. person, the sale is to a person who at the time of the sale is a Qualified Purchaser and the Fund has given its prior written consent to the sale.**
- (f) **We understand that in order to sell Fund Units in compliance with the requirements of Rule 904 of Regulation S:**
 - (i) **We may not be an “affiliate” (as defined in Rule 405 under the 1933 Act) of Canfor Pulp Income Fund; and**
 - (ii) **Any offer of such Fund Units may not be made to a person in the United States or to a U.S. Person and either:**
 - (A) **at the time the buy order is originated, the buyer must be outside the United States and not a U.S. Person, or we and any person acting on our behalf must reasonably believe that the buyer is outside the United States and is not a U.S. Person; or**
 - (B) **the transaction must be executed on or through the facilities of the Toronto Stock Exchange or the TSX Venture Exchange and neither we nor any person acting on our behalf may know that the transaction has been prearranged with a buyer in the United States or who is a U.S. Person; and**
 - (iii) **Neither we nor any person acting on our behalf may engage in any directed selling efforts (as defined in Regulation S under the 1933 Act) in connection with the offer and sale of such Fund Units.**

We acknowledge that the representations and warranties and agreements contained herein are made by us with the intent that they may be relied upon by Canfor and the Fund in determining our eligibility or (if applicable) the eligibility of others on whose behalf we are contracting hereunder to receive the Fund Units. We further agree that by accepting the Fund Units we shall be representing and warranting that the foregoing representations and warranties are true as at the time of distribution of the Fund Units with the same force and effect as if they had been made by us at that time and that they shall survive the receipt by us of the Fund Units and shall continue in full force and effect notwithstanding any subsequent disposition by us of the Fund Units.

Canfor and the Fund are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby.

Name: _____

Date: _____

Title: _____

By: _____

**ADDRESSES OF THE DEPOSITARY
CIBC MELLON TRUST COMPANY**

By Hand and Courier

CIBC Mellon Trust Company

in Vancouver
1600 – 1066 W. Hastings
Vancouver, BC
V6E 3X2

in Toronto
199 Bay Street
Commerce Court West
Securities Level
Toronto, Ontario
M5L 1G9
Tel: (416) 643-5500

in Montreal
2001 University Street
16th Floor
Montreal, Quebec
H3A 2A6

By Mail

CIBC Mellon Trust Company
P.O. Box 1036
Adelaide Street Postal Station
Toronto, Ontario
M5C 2K4

Contact Information

Toll Free: 1-800-387-0825

E-mail:
Inquiries@cibcmellon.com

Any questions and requests for assistance may be directed by Canfor Shareholders to the Depositary at the telephone number, e-mail address and locations set out above.