

Canfor Corporation  
Third Quarter Conference Call  
October 30, 2006

**Operator**

Good morning, ladies and gentlemen. Welcome to the Canfor Corporation conference call to discuss the third quarter earnings. Please be advised that this call is being recorded and Webcast live on [www.Canfor.com](http://www.Canfor.com). A recording of the call and a transcript will be available on Canfor's Website.

Also, the Company would like to point out that this call will include forward-looking statements, so please refer to the press release for the associated risk of such statements.

With that, I would like to turn the call over to Mr. Jim Shepherd [President and Chief Executive Officer of Canfor Corporation].

**Jim Shepherd - Canfor Corporation - President and CEO**

Thank you, operator, and good morning to everybody. I have got with me this morning Scott Wilson, our VP of Finance and Chief Financial Officer; Kevin Clayton, our Corporate Controller; Patch Bonkemeyer, our Senior Vice President of Operations; and Don Kayne, our Vice President of Sales and Marketing.

We'd like to take a few moments to talk about our third quarter results and then open the phone lines to questions that you may have concerning the numbers and the business of Canfor.

As shown by the announced press release on Friday afternoon, it was a tough quarter for Canfor. We announced a net loss of \$51.6 million, or \$0.36 a share, and an EBITDA of 3.3 million. There are some unusual items built into those numbers that Scott Wilson will take the time to go through.

Certainly a tough market in terms of lumber and panels for us, reflected very much in the numbers. And we saw an erosion of lumber pricing throughout the quarter, which was really a reflection of North American housing starts and a slowdown by our customer base on the utilization of wood.

During the quarter we had a number of mill capacity curtailments, namely in the lumber and the OSB side. 50 million board feet of capacity came out of Canfor's productivity capacity, amounting to approximately 6% of our total volume, and PolarBoard had another week of downtime because of mechanical issues, but has since corrected that and is running to capacity at this point.

We did witness a number of improvements throughout the operations, and certainly the capital that we spent over the last year, year and a half is starting to show its merit. But unfortunately it hasn't yet shown up in the numbers that were revealed in the third quarter.

As most of us in interior British Columbia, we're dealing with a number of very big challenges. Certainly the beetle wood and the associated stumpage and value of that log is a big issue for us at Canfor. And as we've learned more and more about the deterioration of this fibre quality, it continues to be a challenge for us going forward in the operations and performance of our mills.

The softwood lumber deal was put into effect early in October, and we exited the quarter with a 15% tax at the border, based on lumber pricing, and that will add to the challenges that we have going forward. And of course, the Canadian dollar at near all-time highs, certainly in recent times, did not help.

So with that, I would like to turn the phone over to Scott Wilson, who will go through much more detail on the numbers. And then I will come back on the phone and give you some thoughts on the Company and where we are going forward. Scott?

**Scott Wilson - Canfor Corporation - CFO and VP of Finance**

Thank you, Jim. I'll just review how Canfor performed in the third quarter.

The loss for the quarter was \$0.30 per share, after adjusting for the following after-tax items -- the loss on foreign exchange debt revaluation of 5.6 million, and 3.8 million of costs related to the Pulp Income Fund spinout in July.

Canfor paid approximately \$22 million of duties in the quarter. This brings the total deposits made by Canfor as at the end of the third quarter since inception to approximately \$803 million. Canfor expects to receive, including interest before tax, approximately \$730 million in duty refunds over the coming months. The after-tax proceeds would be approximately \$480 million, or C\$536 million, at the current exchange rate. The net after-tax accounting gain will be approximately 520 million, and will be recorded in the fourth quarter.

Cash flow from operations was \$79 million in the quarter. Canfor's net debt to net debt plus common equity remained at 23%, the same level as in the prior quarter. Canfor repaid \$31 million of long-term debt in the quarter, which was not reborrowed. On October 1st, a further \$10 million was repaid and was also not reborrowed. So, inclusive of C\$33 million drawn on Canfor's operating line of credit, total debt sits at C\$587 million.

Canfor invested 34 million of capital in its mills during the quarter. At this time we still expect to spend approximately 115 million of CapEx in 2006. Our best estimate at this point, although we're still working on the numbers, is to spend between 125 and 150 million of CapEx in 2007.

I won't repeat all the details noted in Friday's press release, but I will offer some color on how the segments did during the quarter, beginning with lumber.

As Jim noted, the combination of double-digit price declines and operational challenges produced a very difficult quarter for the lumber business. The decline in operating earnings quarter-over-quarter was due in part to lower lumber prices, which in Canadian dollars were 12% lower for SPF and over 20% lower for southern yellow pine. The impact of the lower lumber prices contributed approximately 55 million of the 61 million reduction in the lumber segment's operating earnings.

In addition to this price impact is lumber inventory devaluation, which is the GAAP requirement to value inventory at the lower of cost and net realizable value. We used the following month's forecasted sales price

to value all lumber inventory held at quarter-end. This negative adjustment amounted to 20 million in the quarter to operating earnings.

In terms of operations, SPF lumber production declined 70 million board feet quarter-over-quarter, primarily a reflection of the curtailments taken in the third quarter. On a year-to-date basis, SPF production is approximately 300 million board feet short of what we had planned. Most of this production shortfall can be attributed to three of our largest mills -- Mackenzie, Houston and Plateau -- and I'd like to briefly review the situation at each of these.

At Mackenzie, we recently installed grade reading optimization technology in the Planer mill, along with cut-in-two capability. These changes will enhance Mackenzie's production of high-value prime products. It's taken longer than anticipated to fine-tune this new equipment, and productivity has fallen behind. However, these issues are being resolved and Mackenzie's performance in all key operational metrics is clearly improving. Its high log costs are a problem, and in this pricing environment Mackenzie will be curtailed, as previously announced.

Houston, currently our biggest sawmill, is processing an increasingly greater proportion of Mountain Pine Beetle-affected logs than planned. These logs tend to be smaller, which is impacting productivity. We had also planned a third shift in Houston, which was not implemented. Houston's key operational metrics have also improved, and their lumber recovery and prime product outturns remain near the top of all Canfor mills.

Plateau, which will be Canfor's largest producing sawmill, continues on its startup curve. As we exit the third quarter and enter the fourth quarter, we are realizing steady improvements in productivity and lumber recovery. A revised startup plan now has the mill expected to run at full capacity by late 2007, with fourth quarter 2006 targets at approximately 70% of capacity.

Our New South mills continue to perform to operating expectations, but, as noted earlier, also face a difficult pricing environment. Production and shipment levels are down due to lower demand, as are volumes of European imported lumber.

Capital projects coming online in the quarter include the Chetwynd/Planer optimization project, which has done well thus far, and the Houston pellet plant. The Houston pellet plant, where Canfor has a 60% interest, produced its first pellet in late August. All the shavings from the Houston sawmill are being converted into pellets and exported to the Northeast U.S. The plant is currently operating at 65% of capacity. The energy phase of the project, which is 100% Canfor-owned, will supply heat energy to both the pellet plant and the Houston sawmill, and is on schedule for completion in early second quarter 2007.

Turning to panels, the decline in EBITDA quarter-over-quarter was due in part to lower OSB prices, which in Canadian dollar terms were 24% lower, but partially offset by a 1% increase in Canadian dollar plywood.

In the quarter, PolarBoard came out of its fire-related shutdown, which was initiated in the second quarter, of which five days carried over into the third quarter. The mill is currently averaging a run rate of 85 to 90% of capacity. However, extremely low mill nets dictates that PolarBoard be curtailed, as previously announced.

Meanwhile, the Peace Valley OSB joint venture continues to make progress. During the quarter the mill operated within the range of 75 to 80% of annual capacity, which it expects to maintain throughout the fourth quarter.

The plywood mills took some maintenance downtime in the quarter, which reduced production by 10%. This caused cash conversion costs to be 5% higher quarter-over-quarter. However, the mills were able to increase the percentage of higher-value plywood being produced by 9%, which improved mill [mass] by the same percentage.

Finally, the pulp and paper segment, which includes 100% of the results of the Canfor Pulp Limited Partnership, which operates three NBSK pulp and paper mills and Canfor's Taylor Pulp mill, which was excluded from the spin out. For accounting purposes we consolidate Canfor Pulp's results and then back out the 20% on an after-tax basis that Canfor does not own in the partnership. Instead of going over the results that Canfor Pulp Limited Partnership released earlier last week, I'll just say that pulp and paper segment had a tremendous quarter, both operationally and with very strong markets. We look forward to continued strong earnings and cash distributions from Canfor Pulp in the near term.

So with that, Jim, I will turn it back to you.

**Jim Shepherd - Canfor Corporation - President and CEO**

Thank you, Scott. I'll just make a few brief comments on the business environment going forward, certainly into the fourth quarter. And much of what I'm going to say relates to North America. With the housing starts down, with lumber consumption down, it's going to be tough going forward for the near term. And this is reflected in pricing, certainly for both lumber and panels that Canfor supplies into the marketplace.

I do see in the longer-term fundamentals for the housing sector to be strong, and it's just a matter of seeing the balance of supply and demand bringing some strength back to market pricing. In terms of the longer-term for Canfor, we will continue to work with our customer base, supplying them the products they need and ensuring that their lumber and panel needs are fully met.

Canfor is also dedicating a great deal of effort into offshore development of markets. We have seen progress in all our Asian market countries -- China in particular, Korea, Japan -- and that will be a continuing focus for Canfor to get more and more of our lumber production dedicated to offshore markets. Also we've seen some increase in our customer base on the European side as well.

Just to finish on what Scott said on the pulp and paper side, certainly the Income Trust had a great quarter, as announced earlier last week, but I will highlight that both our Taylor CTMP mill and the Howe Sound Pulp and Paper joint venture with Oji do have very good fundamentals today and are contributing well to their own income needs.

Depending on market conditions, we'll watch our cash position very carefully. And as Scott mentioned, curtailment has already been announced at Mackenzie, at PolarBoard, and an indefinite closure of our Grande Prairie finger joint line. All these decisions are based on the cash position of each facility, what the needs for the customers are, and what the chip needs are in terms of our commitments to both pulp mills in

and outside of Canfor's world. I am fully aware of the impact of these curtailments on employees, communities, and certainly those businesses associated with the operations.

The duty refunds from the softwood lumber deal will come back to Canfor and provide us with a very strong balance sheet going forward. And as times are tough, certainly in an area of very low lumber pricing, having a strong balance sheet will only play well for Canfor. The use of that cash will be determined as we go forward; no specific comments today. But certainly we'll weigh alternatives for not only the internal use of cash, but also potential growth of the Company. All of our efforts in Canfor will be to continue the path of increased efficiency and, of course, managing our dollars.

If you haven't seen it, late yesterday we provided an announcement out of Canfor that the decision was made at the Board meeting on Friday to further distribute to Canfor shareholders a further 30% of our ownership within the Canfor Pulp Income Trust. So, this will be a spinout to shareholders, and provide to shareholders the flexibility to manage their own portfolio with their holdings within Canfor.

When we look at the alternatives to provide shareholder value, our conclusion was this provided the most flexibility and the most benefit to those shareholders to manage what they see as portfolios based on the lumber and the pulp fundamentals. And so, the announcement does state that our ownership position will go down to just more than 50%, which basically means that Canfor as a corporation continues to have controlling interest in that business. And we look forward to continuing strength in pulp and certainly the benefits that come from the Income Trust that was created last year. The shareholders at Canfor will then have choices as to whether or not they maintain that position in the Income Trust or do otherwise. That announcement was made late yesterday.

So with that, operator, I think it's important that we provide opportunity for people to ask questions, and I'd like to pass the phone back over to you so you can manage the Q&A portion of our call.

**Operator**

(OPERATOR INSTRUCTIONS). Daryl Swetlishoff, Raymond James.

<Q>: Two questions. First, with respect to the dividend of the Canfor Pulp units, from Canfor's point of view, was structuring the transaction in this way more tax-efficient than simply selling fund units in the market?

**Jim Shepherd - Canfor Corporation - President and CEO**

I'll let Scott answer that question.

**Scott Wilson - Canfor Corporation - CFO and VP of Finance**

It is not necessarily more tax-efficient. Assuming that those proceeds from the sale would be then distributed to shareholders at Canfor, there would be a disposition for tax purposes by Canfor in either event, and so taxable on that basis to Canfor. But the spin to shareholders, versus a sale into the market and then a distribution of cash, avoids the leakage of somewhere between 8 and 10% of the proceeds associated with a market discount and float distribution costs.

<Q>: Okay. That's helpful. Jim, I realize you probably can't give precise numbers, but what were the trends on delivered log costs that you experienced during the third quarter relative to the prior quarter? And secondary, could you give us some guidance on where you see delivered log costs heading in the fourth quarter?

**Jim Shepherd - Canfor Corporation - President and CEO**

They were quite stable. I would say in the third quarter they were up \$1 prior to beginning of the third quarter. And it's quite stable going forward as we see it from the fourth quarter.

**Operator**

Roger Sachs, Societe Generale.

<Q>: A couple questions. On the spinoff of the Pulp Fund, why just bring it down to 50.1% as opposed to distributing the full 80% to shareholders, and what is the rationale for still holding some at Canfor? I'm just curious there. And two, I don't know if you mentioned it during your comments at all, what is the timing now expected for the return of the lumber duty? Thank you.

**Jim Shepherd - Canfor Corporation - President and CEO**

I'll answer the first one on the basis that we still believe in the pulp business, and it's certainly a good business for Canfor to be part of today. So, by lowering our ownership down to 50%, or slightly above 50%, it still gives Canfor Corporation the fundamental controlling votes at the Board level. We have, certainly, a very strong investment in pulp, and with the chip flows through to the pulp business, we wanted to maintain a sense of ownership within the business. So, the 50% level gives us, basically, the needs of ownership, an opportunity to influence the business going forward, and we believe that's the right balance for Canfor.

As far as timing on duty deposits, it's still unclear to me exactly what will be the final date, but we do expect to see significant refunds happening during the fourth quarter of this year with the balance early into the year 2007. So, over the next six months we expect to get it all back.

<Q>: What is the current holdups in terms of the duty refund? Is everybody on board now? Are there still parties out there that are still not on board with the way the structure is set up?

**Jim Shepherd - Canfor Corporation - President and CEO**

It's strictly administration and processing. There is no legal holdup.

<Q>: One more thing on the dividend. If the rationale prior to establishing the Income Fund was to increase the market value, if you will, on the pulp side, and then also on the Company's core business, I'm not so sure by holding a 50% interest gets you to that point. I think the market would probably like to see two separate companies as an attempt to realize the full value in both ends of it. Putting it together, there seems to still be some sort of holding company discount that may be attributed to it. So, I just -- in the future I hope you take that into consideration as well.

**Jim Shepherd - Canfor Corporation - President and CEO**

Thank you for your comments.

**Operator**

(OPERATOR INSTRUCTIONS). Paul Quinn, Salman Partners.

<Q>: Just a question on -- I guess start off on offshore markets. You mentioned, Jim, that you're growing in those areas. Could you give us an idea (technical difficulty) volumes year-over-year in those specific areas, China, Korea and Japan?

**Jim Shepherd - Canfor Corporation - President and CEO**

If you don't mind, I'll let Don Kayne answer some of that, and if he falters I'll come in to help (multiple speakers).

**Don Kayne - Canfor Corporation - Vice-President, Sales and Marketing**

Overall in Asia, our volumes year-to-date, '06 over '05, were up about 15% across all markets. The bulk of that increase is coming from Asia, although Europe also has been surprisingly good this year, as you may already know.

<Q>: So, specifically in Asia, what are we seeing in terms of volumes in Japan, Korea, China? What's happening there?

**Don Kayne - Canfor Corporation - Vice-President, Sales and Marketing**

Japan would be probably the least increase, because we have a significant market share there already. So, that would be in the neighborhood of between 8 and 12%, something like that. All the other emerging markets, whether you're talking Korea, China, Taiwan, whatever, all of those have had significantly higher increases.

<Q>: So, if we looked at total shipments, what percent is going into Asia? What percent is going into Europe right now?

**Don Kayne - Canfor Corporation - Vice-President, Sales and Marketing**

Europe's up about -- over last year is probably in the neighborhood of 30 to 40% higher compared to last year, and Asia overall, probably in a neighborhood like I mentioned, around that 10 to 15%, something like that.

<Q>: Sorry; just to be clear, what percentage of shipments is going into Asia? Like, is that 8% now?

**Don Kayne - Canfor Corporation - Vice-President, Sales and Marketing**

Oh, sorry; the total. Total into Asia would be about probably around 8%, 7 to 8%.

<Q>: Just a question. Jim, you mentioned on Plateau that, if I got this right, that you expect the mill to be running full by the end of 2007?

**Jim Shepherd - Canfor Corporation - President and CEO**

Yes. The startup curve we had -- what we had put in for the mill was 18 months. And that's up to full production, full delivering on everything that we expected for the money. We did have some equipment delays of installation that really put us into a starting point of the end of June of this year. And so, as we ramp up going forward -- so, we'll hit much higher numbers than we've seen certainly earlier this year as we exit this year and into 2007. But the ultimate capacity of this plant is expected to be 630 million board feet on an annual basis. And that's the number we're saying we'll reach by the end of 2007. We'll be close to that much earlier, but fine-tuning will get us that number by the end of the year.

<Q>: So, it's going to be operating at 70% of the 630 in Q4, and making up that difference by the end of 2007?

**Jim Shepherd - Canfor Corporation - President and CEO**

Absolutely.

<Q>: Lastly, I was sort of led to leave, or maybe this was wishful thinking -- but there was an expectation that you guys would describe what you're going to do with the duty refunds. Are we going to -- I guess you're going to be booking that amount in Q4. Are we going to expect a statement at that time?

**Jim Shepherd - Canfor Corporation - President and CEO**

In the time they're getting the money back, it will be over the next six months. So, that money will come back to Canfor. In our deliberations on alternatives for shareholder value, we concluded that the spinout of the Income Trust units was the priority for us, and we felt that was the best alternative at this point for the shareholders of Canfor. So, the money that's coming back will certainly add to the strength of our balance sheet, and we'll weigh the alternatives going forward, Paul. But we have no definitive answer for your question at this point.

**Operator**

Mark Bishop, RBC Capital Markets.

<Q>: A couple questions related to the impact of beetle. First -- and I apologize; I missed the very start of your call. Are you seeing an impact also on your availability of veneer for your plywood operations, and how do you see that sort of playing out with plywood going forward?

**Jim Shepherd - Canfor Corporation - President and CEO**

That's a good question. At this point we have not. The supply of fibre to both our mill in Prince George and up in Fort Nelson has not been impacted to a large degree by the Pine Beetle. The volume of green timber that we have available to us around Prince George, and certainly a number of the species that we work with there, I don't see an immediate problem for that plywood mill. And Pine Beetle is not as yet a big issue up in Fort Nelson. Most of the species we work with there are spruce. So, I would say the plywood mills from a fibre quality point of view have not been impacted, and I don't see so in the near term.

<Q>: Just a broader question on fibre quality. I guess with what you're learning, I guess, quarter-to-quarter, with how the wood is coming into the mills, has it changed at all your view of what kind of capital you still may need to spend at your existing sawmills, or potentially even the ultimate configuration of your mills?

**Jim Shepherd - Canfor Corporation - President and CEO**

There's no question that we have to do something. The dryer wood, the more brittle wood, the cracked wood -- all that is leading to a much more delicate process of putting this wood through the mills. But as Scott had indicated, we are lowering our expectation of capital spending in part because we have to figure out ultimately what we're dealing with there. And as the wood has gone into a dryer grey attack, as we would call it, it's still unclear to me ultimately what the deterioration might be. So, we're still learning a lot. And, I think, as a company and an industry, we have a lot of work to put into just understanding ultimately what the quality of this timber will be.

<Q>: Does that mean potentially you're -- in the short term you're lowering, but potentially may actually have higher requirements than you'd expected?

**Jim Shepherd - Canfor Corporation - President and CEO**

No, I'm not saying that. I'm saying maybe -- ultimately we need to get the most out of each log. And where is the best technology to be applied and where is the best improvement in the mill to be applied? So, my vagueness in the answer is I'm not quite sure exactly where the next big step has to be taken. We're learning a lot with the mills we currently have. We're learning a lot with the new equipment we've put into places like Plateau. So, as we digest all that, we'll have a better idea of where to put the next improvement within the Company.

<Q>: Just one final question on -- more on the labor side. As you look towards potentially more market downtime, if it's required, do you have concerns over losing people at the mills to other opportunities in Alberta and Northern BC if you do that? And is that playing into part of your strategy on downtime?

**Jim Shepherd - Canfor Corporation - President and CEO**

It's a big concern. I would be understating the fact that people have choices out there, whether it's on the professional or the tradesmen side. We've seen the migration of the oil and gas sector, or other opportunities within the economy. So, it's a big concern for us in Canfor, certainly with some of the more remote communities where it's hard to attract people to come back and make it their home. But yes, that's an issue for us. Does it play into the determination of whether we keep a mill running or not? Absolutely. Certainly our concern longer term is to provide the resources to run the Company.

**Operator**

John Kohler, Oppenheimer & Co.

<Q>: Just a clarification. The CapEx budget for '07 of 125 to 150, that was ex the Income Trust; is that correct?

**Jim Shepherd - Canfor Corporation - President and CEO**

That's correct.

**Operator**

There are no further questions from the investment community. We will now take questions from the members of the media. (OPERATOR INSTRUCTIONS). Ben Meisner, Opinion 250 Prince George.

<Q>: Jim, this question is to you. I'm looking at -- we're talking about the dry standing beetle kill. How long does Canfor think -- what's the window of opportunity for this stuff? Because Plateau, Houston and Mackenzie sit right smack dab in the middle of the biggest infestation. What are your people saying to you?

**Jim Shepherd - Canfor Corporation - President and CEO**

That's probably the very key question for someone like myself looking at the Company going forward. Whether it changes or not, expectations range from 10 to 25 years. And some of that may be based on location of a particular tree stem. So, maybe a broad answer would be if it's in a dryer sandy zone, and as long as it keeps standing, it will last longer than a tree that's been located in a more wet part of the forest. So, 10 to 25 years is kind of the very broad range. And when we made decisions on rebuilding mills like Plateau, it was based on that 10-plus-year window of opportunity with the higher volume of beetle wood available to us. But I think it's a huge unknown, and I can't give you an accurate answer that is much more than I just said.

The one thing that I have comfort on -- and I want to be cautious without giving too many numbers here -- there is still a forest basket that has spruce and balsam and healthy pine. So, it's not as if every tree is being affected. That's hard to believe when you fly over it or when you drive through it; you'd think that the whole forest is completely gone. But there is healthy portions of the forest, and so even longer term we will have fibre to operate most of our mills with. So, I appreciate the question because this is a key question. Just how long this fibre will be viable for? I don't know, other than the 10 to 25-year window.

<Q>: But if we take out -- and I'm sorry; just a follow-up question. If we take out, say, half of our production now -- somewhere down the road we're going to face that dilemma. We're going to have to look and say -- because I agree with you. I mean, we have -- there's still lots of balsam, spruce and other wood that we haven't been taking. You know, is it 50%? What are we looking at? You look at that, Jim. Trust me; you look at that saying -- hey, listen, what am I going to do?

**Jim Shepherd - Canfor Corporation - President and CEO**

50% -- I would say that the industry, whatever it's producing today, will produce whatever it is today minus something. New technology is giving some hope, but the tree itself is the one that's going to determine how long we can use it. And there may be other uses for the fibre that we haven't thought of. I think the industry should be challenging itself. What can we do besides just making a 2X4? And although a lot of people, including myself, have thought long and hard on where are the economics and the value in that, we haven't come up with a whole lot of brilliance at this point. But I wouldn't give up on the sawmills. They're going to be running a lot of pine wood for a long time and then we'll transition into other species. So, if you think of a mill that's running three shifts today, certainly it will go down to two shifts. But I'm still looking at a viable lumber industry going forward.

<Q>: Final question. You've got Plateau, Houston and Mackenzie. Have you got any other -- are you looking at any downtime if the American market stays the way it is? Essentially what we're doing is we've got too much production -- we've been cutting and processing too much wood -- by all the mills in Canada. And until we bring that in line with the American market, will you need some other mills to close?

**Jim Shepherd - Canfor Corporation - President and CEO**

There's no question mill production has to come off. And it's not just Canadian mills; I think U.S. mills are taking significant downtime now. European production is starting to dry up. And so, markets will only absorb what they can, and eventually there has to be a correction. So that's happening today, and we've seen that before. And so, I would say very quickly markets will react. And that was the intent of this deal, is to try to put some balance in supply and demand. How quickly it happens we'll see over the next few weeks and months.

**Operator.**

Paul Quinn, Salman Partners.

<Q>: Just a follow-up on the last guy's question on curtailments. What is the Canfor philosophy on curtailments? Is it when mills get to negative cash costs? Is it -- because, obviously, you guys haven't taken the downtime that other firms have. Just wondering if your thinking is different from everybody else.

**Jim Shepherd - Canfor Corporation - President and CEO**

Sorry, Paul. I missed the point. We have or haven't been taking downtime?

<Q>: You have, but not to the extent that -- like in terms of your production; it's nowhere near what everybody else has done. Just wondering if your philosophy is different from the pack, or what is it?

**Jim Shepherd - Canfor Corporation - President and CEO**

I'll only speak for Canfor. Philosophically, we do not accept losing cash, but we do balance that with the supply of chips to our pulp business. So, when you look at the total bottom line to the Company, whatever comes out through the whole process here, we certainly factor that in. And we do have a number of customer commitments that we have to meet. But if you're looking for what's at the top of the page, it's don't lose cash.

**Operator**

(OPERATOR INSTRUCTIONS). There are no further questions. I would like to turn the call back over to you, Mr. Shepherd.

**Jim Shepherd - Canfor Corporation - President and CEO**

Thank you, operator, for helping manage the call. And to everybody who joined us this morning, thanks for taking the time. We're available to answer questions if something should come up after we break away here, and appreciate your time and interest in Canfor. We look forward to better results going forward. Thanks very much.

**Operator**

Thank you. The conference has now ended. Please disconnect your lines at this time. We thank you for your participation and have a great day.