

December 10, 2010

## **Canfor Pulp Income Fund Announces Final Monthly and Supplemental Distributions**

Vancouver, BC – Canfor Pulp Income Fund (the “Fund”) (TSX:CFX.UN) announced today that it has declared a cash distribution of \$0.25 per Fund unit for the month of December 2010, to be paid on January 14, 2011 to unitholders of record at the close of business on December 31, 2010.

In addition to the monthly distribution, the Fund also declared a supplemental cash distribution of \$0.30 per Fund unit also payable on January 14, 2011 to unitholders of record at the close of business on December 31, 2010.

These are expected to be the final cash distributions from the Fund, as the previously disclosed Plan of Arrangement (the “Arrangement”) under which the Fund’s income trust structure will be reorganized into a dividend paying public corporation named “Canfor Pulp Products Inc.” (“CPPI”) is expected to become effective on January 1, 2011. Under the Arrangement, unitholders of the Fund will receive, in exchange for each unit of the Fund held at the effective time, one common share CPPI (a “CPPI Share”). On completion of the Arrangement, CPPI will hold the Fund’s 49.8% interest in Canfor Pulp Limited Partnership (the “Partnership”). The Board of Directors of CPPI is comprised of the current Trustees of the Fund.

CPPI will be entirely dependent on distributions from the Partnership to make dividend payments. The Directors of CPPI have established a dividend policy to distribute, as quarterly dividends on CPPI shares, substantially all of the anticipated annual cash distributions received from the Partnership, less estimated cash amounts required for the payment of expenses and other obligations and any tax liability of CPPI. Based on the Partnership’s current outlook for 2011, it is expected that the initial dividend rate for CPPI will be established at \$0.35 per share per quarter. The first quarterly dividend is expected to be declared on or about April 30, 2011, concurrent with the release of the first quarter results. As contemplated in the Fund’s information circular dated March 16, 2010 (the “Circular”), the directors intend to designate such dividends as “eligible dividends” to provide eligible shareholders with the enhanced gross-up and dividend tax credit mechanism under the Canadian Income Tax Act.

As described in the Circular, under applicable U.S. securities laws, CPPI cannot distribute CPPI Shares under the Arrangement to certain unitholders who are U.S. residents (“Non-Qualified U.S. Unitholders”). In order to determine which unitholders are not qualified to receive CPPI Shares, CPPI sent an inquiry through The Canadian Depository for Securities Limited (“CDS”), the sole registered unitholder of the Fund, to CDS participants (the brokers, dealers, bank, trust companies or other nominees through which unitholders hold their Fund units) seeking the required certification described in the Circular. Unitholders are requested to contact their broker, dealer, bank, trust company or other nominee in order to ensure the appropriate certification is made.

CPPI Shares otherwise distributable under the Arrangement to persons who CPPI believes to be Non-Qualified U.S. Unitholders (based on responses to the CDS inquiry) will be issued to a sale trustee and will be sold in January 2011 over the facilities of the Toronto Stock Exchange on behalf of such Non-Qualified U.S. Unitholders. Each such Non-Qualified U.S. Unitholder will receive a pro rata share of the cash proceeds from the sale of such CPPI Shares (less any applicable expenses and withholding taxes) in lieu of CPPI Shares.

## **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. In particular, material forward-looking statements in this press release include the expected effective date of the Arrangement, the expected initial dividend rate for CPPI and the intended dates of the declaration of dividends. In some instances, material assumptions are disclosed elsewhere in this press release in respect of forward-looking statements. Other risks and uncertainties are detailed from time to time in reports filed by the Fund and/or CPPI 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, CPPI and the Partnership, their prospects and the Arrangement and uncertainties relating to the Fund, CPPI and the Partnership and their prospects and the Arrangement. Although we believe that the expectations reflected by the forward-looking statements presented in this press release are reasonable, these forward-looking 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 events and results, performance and achievements of the Fund, CPPI and the Partnership to be materially different from those contained in forward-looking statements. The forward-looking statements speak only as of the date on which such statement is made, are based on current information and expectations and the Fund, CPPI and Partnership assume no obligation to update such information to reflect later events or developments, except as required by law.*

## **About Canfor Pulp Income Fund**

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

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

### **For further information:**

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