Disclosure of Risk Factors

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

In this presentation, references are made to EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization and before other non-operating income and expenses) and adjusted distributable cash. Canfor Pulp considers EBITDA and adjusted distributable cash to be an important indicator for identifying trends in the performance and of the Fund’s ability to generate funds to meet its debt service, capital expenditure requirements and to make cash distributions to its partners. EBITDA and adjusted distributable cash is not a generally accepted earnings measure and should not be considered as an alternative to net income or cash flows as determined in accordance with Canadian generally accepted accounting principles. As there is no standardized method of calculating EBITDA and adjusted distributable cash, the Fund’s use of these terms may not be directly comparable with similarly titled measures used by other entities.

Unless otherwise noted, all financial references are in Canadian dollars.
Overview

► Canfor Pulp Limited Partnership (CPLP)
  - 3 mills in the central interior of BC
  - Pulp capacity of 1.1 million tonnes
  - Kraft paper capacity over 140,000 tonnes
  - Ownership*: Canfor Pulp Income Fund 49.8%
    Canfor Corporation 50.2%

► Canfor Pulp Income Fund (CFX.UN)
  - Float of 35.5 million units
  - Market capitalization approx. $110 million
  - ~ 114,000 units trade on average per day
  - 2008 High = $12.09 and Low = $2.15 per unit

* Refer to page 24 of this presentation for a simplified ownership structure
Why Canfor Pulp?

- Positive long-term pulp markets dynamics
- High Margin Producer
- Strong Financial Position
- Market Leadership
- Fibre Supply Advantage
Pulp Markets: Historical NBSK Prices

NBSK List Prices in $US Delivered to North America vs. Foreign Exchange

Strong relationship between the CAD and pulp prices
Historically demand has grown at 1-2% per year and over the long term will continue to do so. However, during 2008/2009 demand is expected to be negative.

**World NBSK Market Pulp Demand vs Capacity**

- **Demand**
- **Capacity**

*Source: PPPC*
Pulp Markets: Demand

10 yr Chemical Market Pulp Demand CAGR ~ 3.1%

- **World Chemical Pulp Demand**: 49 million tonnes
- **World Softwood Pulp Demand**: 23 million tonnes
- **NBSK Pulp Demand**: 14 million tonnes

- **Bleached Hardwood Kraft**: 47%
- **Bleached Softwood Kraft**: 46%
- **Unbleached Kraft**: 5%
- **Sulphite**: 2%
- **SBSK**: 27%
- **PRP**: 32%
- **Commodity**: 68%
- **Other**: 13%

Source: PPPC (Dec 2007)
Market Leadership

Largest seller of Northern Softwood Pulp (NSK)
Third largest producer of Northern Bleached Softwood Kraft Pulp (NBSK)
Fibre Sources

<table>
<thead>
<tr>
<th>Fibre Sources</th>
<th>Normal</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canfor Sawmills (1)(2)</td>
<td>1.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Other Sawmills (2)</td>
<td>0.9</td>
<td>0.7</td>
</tr>
<tr>
<td>Whole-log chipping</td>
<td>-</td>
<td>0.6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2.5</td>
<td>2.5</td>
</tr>
</tbody>
</table>

(1) Evergreen contract
(2) Chip prices are linked to the price of pulp with a market adjustment consideration

Once US Housing starts return to “normal” operations, a surplus of chips and a return to lower chip prices should occur again
Fibre Advantage: Low Cost

Conifer Chips - Delivered Prices Q3-2008 vs. Q3-2007

- **NBSK Producing Region**

Source: Wood Resources International
Not all pulps are the same: Northern spruce and pine fibre grown in the central interior of British Columbia is recognized as one of the strongest in the world due to the long, slender, thin-walled fibres. This provides for a better printing surface, better softness and better strength, which in turn commands a premium return.

Typical Fibre Dimensions

"Weight weighted lengths measured by Kajaani FS200"
High Margin Producer: Targeted Sales

Achieve higher mill nets through:

► **Target Customers That Need Reinforcing Pulp**
  - **Printing & Writing**
    - Magazines / Catalogues
  - **Specialty**
    - Adhesive labels (beer) / Masking tape
  - **Tissue**
    - Branded top quality “Use at-home” tissues
  - **Commodity**
    - Photocopy paper

► **Diversify Sales**
  Geographically balanced sales
High Margin Producer: Summary

Top Quartile* EBITDA per tonne producer due to:

► Revenues
  • Selling into the highest margin regions to targeted customers
  • Only dedicated R&D dept in the sector

► Low costs
  • Competitive fibre costs
  • Strong efficient operations
  • Focus on cost control
  • Economies of scale with all operations in the PG region

* Per most recent PwC 2007 benchmarking study of 12 Canadian NBSK mills, Canfor Pulp’s mills were Top Quartile
** ‘Ave of Others’ includes pulp segment results for SFK, CTL, WFT, MERC and SFK.un
## Financials: Strong Performance

<table>
<thead>
<tr>
<th></th>
<th>Dec 2008</th>
<th>Dec 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>825.5</td>
<td>921.6</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>116.9</td>
<td>188.5</td>
</tr>
<tr>
<td>- <em>ebitda margin%</em></td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>47.4</td>
<td>129.8</td>
</tr>
<tr>
<td>- <em>per unit</em></td>
<td>$0.67</td>
<td>$1.82</td>
</tr>
<tr>
<td><strong>C$ ave list pulp price (del to USA)</strong></td>
<td>914</td>
<td>885</td>
</tr>
<tr>
<td><strong>Shipments-pulp (m tonnes)</strong></td>
<td>905.4</td>
<td>1,023.6</td>
</tr>
<tr>
<td><strong>Production-pulp (m tonnes)</strong></td>
<td>932.8</td>
<td>1,044.3</td>
</tr>
</tbody>
</table>

- Last 8 quarters financial excerpts on pg 28 of this presentation

** 2008 production reduced by 110,000 for market curtailments, increased scheduled maintenance shuts and the impact of the fire at PGPP
Financials: Strong Financial Position

Maintain a strong balance sheet

<table>
<thead>
<tr>
<th>$ millions</th>
<th>As at Dec 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>285.5</td>
</tr>
<tr>
<td>Other</td>
<td>13.2</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>569.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>868.5</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>$ millions</th>
<th>As at Dec 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liabilities</td>
<td>149.0</td>
</tr>
<tr>
<td>Long-term Debt*</td>
<td>134.7</td>
</tr>
<tr>
<td>Other Long-term Liabilities</td>
<td>49.8</td>
</tr>
<tr>
<td>Equity</td>
<td>535.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>868.5</strong></td>
</tr>
</tbody>
</table>

- Long-term Debt / EBITDA (LTM) = 1.15
- Long-term Debt / Equity = 0.25
- Current Assets / Current Liabilities = 1.92

* Details on page 16
Conservative Capital Structure

► Revolving Loan
  – C$75 million; $24.1 million reserved for a BC Hydro letter of credit
  – Unsecured
  – Matures November 2009
  – Used to fund working capital fluctuations

► Long-term Debt
  – US$110 million
  – Unsecured private placement notes
  – Fixed interest rate of 6.41%
  – Repayable in full on November 2013
  – Covenants:
    • Interest coverage > 2.5
    • Leverage ratio < 3.25
  – Agreement is posted on SEDAR (dated December 6, 2006)
Distributions

► Based on estimates of full year cash flow from operations after debt service and capital expenditures
   - Low debt service costs ~ US$7 million
   - Capital requirements to retain competitive cost structure
     • Maintenance capex ~ $15 - $20 million
     • Strategic capex ~ $10 - $15 million
     • Reserve = $4 million

► Full flow through from CPLP operations to unitholders
Focus 2009

▶ Lower costs
  – Reduce costs by $10 per tonne
  – Fibre cost reductions
  – Energy price reductions

▶ Diversify sales
  – Increase sales to Tissue grade
  – Increase sales into Europe
Why Canfor Pulp?

- High Margin Producer
- Positive long-term pulp markets dynamics
- Market Leadership
- Fibre Supply Advantage
- Strong Financial Position
Investor Contact

CFX.UN

- Investor Contact
  David Jan
  David.Jan@canforpulp.com
  604-312-9457

- Canfor Pulp Income Fund
  1700 West 75th Avenue
  Vancouver, BC  V6P 6G2

www.canforpulp.com
Experienced Leadership

**Board of Directors**
- Dr. Charles Jago, *Chairman* ¹,², ³
- Stan Bracken-Horrocks, FCA ¹,²
- Donald Campbell ¹,³
- Peter Bentley ²
- Dr. Peter Lusztig ¹,³
- Paul Richards ⁴
- James Shepard ⁵

¹ Audit Committee
² Compensation Committee
³ Nominating Committee
⁴ Canfor Pulp President & CEO
⁵ Canfor Corp. CEO

**Senior Management**
- Paul Richards, *President & CEO*
- Terry Hodgins, *CFO & Secretary*
- Joe Nemeth, *VP, Sales & Marketing*
- Brett Robinson, *VP, Operations*
- Craig Garratt, *GM, Fibre Supply*
- Rick Pingel, *GM, Logistics & Procurement*
- Martin Pudlas, *GM, Northwood Mill*
- Rick Remesch, *Corporate Controller*
- David Scott, *GM, Human Resources*
Ownership Structure

CANFOR CORPORATION (CFP:TSX)  

Canadian Forest Products Ltd.  

100%

Unit holders  

100%  

35,493,542 Fund Units

CANFOR PULP TRUST

100%

CANFOR PULP INCOME FUND (CFX.UN:TSX)

35,776,483 Class B Exchangeable LP Units

100%

Canadian Forest Products Ltd.

176

100%

100%

100%

14,254,005 Class A LP Units

21,239,537 Class B LP Units (representing 49.8% of all LP Units)

CANFOR PULP LIMITED PARTNERSHIP

and

CANFOR PULP HOLDING INC.  
(General Partner)

The Pulp Business

History

July 2006: Canfor Corporation spins out to their shareholders 20% of the NBSK pulp assets into an Income Trust

November 2006: Canfor Corporation dividends out 29.8% of CPLP to their shareholders

Today: Canfor Corporation owns 50.2% and Canfor Pulp Income Fund owns 49.8%
Our Location

3 mills in the BC Interior:

- 1.1 million tonnes of NBSK pulp
- 140,000 tonnes of Kraft paper
- 4 pulp machines and 1 paper machine

<table>
<thead>
<tr>
<th>MILL/LOCATION</th>
<th>KEY PRODUCTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Intercontinental</td>
<td>NBSK Pulp</td>
</tr>
<tr>
<td>2 Northwood</td>
<td>NBSK Pulp</td>
</tr>
<tr>
<td>3 Prince George Pulp &amp; Paper</td>
<td>NSK Pulp</td>
</tr>
<tr>
<td>4 Head Office - Vancouver</td>
<td>Kraft Paper</td>
</tr>
<tr>
<td>5 Canfor Pulp R&amp;D Centre - Vancouver</td>
<td>Pulp &amp; Paper</td>
</tr>
</tbody>
</table>

- Pulp & Paper
- Other
## The Operations

<table>
<thead>
<tr>
<th></th>
<th>Northwood</th>
<th>Intercontinental</th>
<th>Prince George Pulp &amp; Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Built</strong></td>
<td>1966</td>
<td>1968</td>
<td>1966</td>
</tr>
<tr>
<td><strong>No. of employees</strong></td>
<td>495</td>
<td>277</td>
<td>365</td>
</tr>
<tr>
<td><strong>Capacity (ADMT</strong>)</td>
<td>590,000</td>
<td>315,000</td>
<td>155,000 (pulp) 140,000 (paper)</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>2-line pulp</td>
<td>1-line pulp</td>
<td>1-line pulp</td>
</tr>
<tr>
<td><strong>Markets</strong></td>
<td>North America, Europe &amp; Asia</td>
<td>North America &amp; Europe</td>
<td></td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td>Bleached NBSK</td>
<td>Semi-bleached and Unbleached</td>
<td>Bleached and Unbleached</td>
</tr>
<tr>
<td><strong>Fibre consumed</strong></td>
<td>2.5 million</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Certification</strong></td>
<td>ISO 9001 and ISO 14001</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Total of 1,200 employees. 75% are unionized with the labour agreements expiring April 2012

**air-dried metric tonnes; tonne = metric ton = 2240 lbs
Markets: Supply and Demand by Region

NBSK Supply
~ 14 million tonnes

- 44% Canada
- 24% Sweden
- 12% Finland
- 20% Other

Chemical Market
Pulp Demand
~ 49 million tonnes

- 35% N.America
- 38% Other
- 17% Asia
- 10% Europe

Source: PPPC Dec 2008
### Financials: Strong Earnings

**Selected Quarterly Partnership Financial Information**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>186.1</td>
<td>215.4</td>
<td>212.6</td>
<td>211.4</td>
<td>215.1</td>
<td>211.4</td>
<td>211.4</td>
<td>211.4</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>9.8</td>
<td>40.6</td>
<td>24.0</td>
<td>42.5</td>
<td>27.9</td>
<td>48.8</td>
<td>51.7</td>
<td>60.1</td>
</tr>
<tr>
<td><strong>- EBITDA %</strong></td>
<td>5%</td>
<td>19%</td>
<td>16%</td>
<td>20%</td>
<td>13%</td>
<td>21%</td>
<td>22%</td>
<td>25%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>(26.0)</td>
<td>11.1</td>
<td>18.2</td>
<td>43.5</td>
<td>12.1</td>
<td>33.2</td>
<td>35.9</td>
<td>48.6</td>
</tr>
<tr>
<td><strong>Adjusted Distributable Cash per Unit</strong></td>
<td>0.02</td>
<td>0.53</td>
<td>0.19</td>
<td>0.60</td>
<td>0.19</td>
<td>0.50</td>
<td>0.54</td>
<td>0.72</td>
</tr>
<tr>
<td><strong>Shipments (000 tonnes)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- <strong>Pulp</strong></td>
<td>208.2</td>
<td>234.5</td>
<td>233.8</td>
<td>228.9</td>
<td>253.6</td>
<td>257.1</td>
<td>259.8</td>
<td>253.1</td>
</tr>
<tr>
<td>- <strong>Paper</strong></td>
<td>24.4</td>
<td>31.6</td>
<td>33.7</td>
<td>35.1</td>
<td>32.4</td>
<td>30.8</td>
<td>35.9</td>
<td>30.4</td>
</tr>
<tr>
<td><strong>Pulp Price (USD)</strong></td>
<td>787</td>
<td>880</td>
<td>880</td>
<td>880</td>
<td>857</td>
<td>837</td>
<td>810</td>
<td>790</td>
</tr>
<tr>
<td><strong>USD/CAD fx rate</strong></td>
<td>0.825</td>
<td>0.960</td>
<td>0.990</td>
<td>0.996</td>
<td>1.019</td>
<td>0.957</td>
<td>0.911</td>
<td>0.854</td>
</tr>
</tbody>
</table>

**Definitions:**
- EBITDA = Earnings before interest, taxes, depreciation and other non-operating income and expenses
- Adjusted Distributable Cash = Cash flow from operations less capital expenditures plus non-cash working capital changes

_www.canforpulp.com_
Financials

Customers:
► Top 10 customers made up 60% of Sales
► Largest customer accounted for 12% of Sales
► No bad debts in 10 years
  – Managed with letters of credit and insurance
  – Long-term relationships with top tier customers

Hedging:
► Natural gas: to reduce pricing volatility impact on earnings
► US$ working capital: lock-in FX rates once a sale is made
Financials: Manufacturing Cost Components

- 40% for Fibre
- 20% for Labour
- 15% for Chemicals
- 25% for Supplies

- 60% for Variable Costs
- 40% for Fixed Costs
Available on www.canforpulp.com and www.sedar.com are:
- Annual Information Form
- Annual MD&A and Audited financial statements
- Quarterly MD&A and financial statements

Sensitivities

<table>
<thead>
<tr>
<th>(millions of dollars, unaudited)</th>
<th>Impact on annual EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cdn dollar – US $0.01 change per Cdn dollar</td>
<td>$5</td>
</tr>
<tr>
<td>NBSK pulp price – US $10 change per tonne</td>
<td>$6</td>
</tr>
<tr>
<td>Fibre cost - C$2 change per oven-dried tonne</td>
<td>$5</td>
</tr>
<tr>
<td>Natural gas cost - $1 change per gigajoule</td>
<td>$4</td>
</tr>
</tbody>
</table>