

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Canfor Pulp Products Inc.		2 Issuer's employer identification number (EIN)	
3 Name of contact for additional information Terry Hodgins	4 Telephone No. of contact 604-661-5421	5 Email address of contact Terry.Hodgins@canforpulp.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 230 - 1700 West 75th Avenue		7 City, town, or post office, state, and Zip code of contact Vancouver, British Columbia, V6P 6G2	
8 Date of action January 1, 2011		9 Classification and description Common Stock	
10 CUSIP number 137584207	11 Serial number(s)	12 Ticker symbol CFX (Toronto Stock Exchange)	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On January 1, 2011 under a Plan of Arrangement (the "Arrangement"), a reorganization of Canfor Pulp Income Fund's (the "Fund") income trust structure was undertaken, resulting in the reorganization of the Fund's income trust structure into a dividend paying public corporation, Canfor Pulp Products Inc. The Fund units were considered to be shares for U.S. purposes.
On completion of the Arrangement, each Qualified U.S. Unitholder received a share of Canfor Pulp Products Inc. for each Fund Unit and Canfor Pulp Products Inc. held 100% of the Fund Units. Once the Arrangement was completed, the Fund and Canfor Pulp Trust were wound-up.

See Information Circular dated March 16, 2010 for further details.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ No impact. The adjusted basis of the shares in Canfor Pulp Products Inc. will equal the adjusted basis in the shares of Canfor Pulp Income Fund and the holding period for the shares in Canfor Pulp Products Inc. will include the holding period for the shares of Canfor Pulp Income Fund.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ No impact. See line 15.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► Internal Revenue Code Sections 368(a)(1), 354, 358 and 1223.

18 Can any resulting loss be recognized? ► Not applicable.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► Not applicable.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ►

Terry Hodgins

Date ►

January 17, 2012

Print your name ► Terry Hodgins

Title ► Chief Financial Officer & Secretary

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ►			Firm's EIN ►	
Firm's address ►			Phone no.	