

CANFOR CORPORATION FOURTH QUARTER 2010 CONFERENCE CALL

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James Shepard

President & Chief Executive Officer

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Vice President Finance & Chief Financial Officer

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Raymond James

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Paul Quinn

RBC Capital Markets

John Koller

Oppenheimer & Close

David Rojo

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Sean Steuart

TD Newcrest

PRESENTATION

Operator

Good morning ladies and gentlemen and welcome to the Canfor Corporation Fourth Quarter Results 2010 Conference Call. A recording of the call and the transcript will be available on Canfor's website. During this call, Canfor's Chief Financial Officer will be referring to a slide presentation that is available in the Investor Relations section of their 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 risks of such statements.

I'd now like to turn the meeting over to Mr. Jim Shepard, President and CEO of Canfor Corporation. Please go ahead, Mr. Shepard.

James Shepard, President & Chief Executive Officer

Thank you, operator. Good morning everybody. Thank you for joining our teleconference call to discuss our company's fourth quarter results for 2010. Before we get into the results themselves I want to give you some background to my announcement to return to retirement.

As most of you know, I joined Canfor in May 2007 as the Interim CEO. That was initially to be a temporary assignment until a permanent CEO was selected; however, the first days on the job showed that immediate action was needed to brace up against the plummeting wood products market, driven mainly by the U.S. housing sector meltdown that was happening. That led to a commitment to stay on for a year. And after a year when the market continued to plummet I committed to stay on until we had steered Canfor into calmer waters. And now, after four years, we are reporting a fourth consecutive quarter of profits.

I believe that this management team has been hugely successfully in bringing Canfor through this recession in an extremely strong position compared to its competitors. Even with the incredible pressure on our cash, as we struggled through the lowest level of prices in a lifetime, we've managed to pay down our debt to where we are now approaching a net zero debt position. This management's intense focus on cost reduction, cash conservation, prime customer service, and expansion into Asia gave us the achievements that have delivered this exceptionally strong balance sheet. This strong balance sheet is now providing us with the ability to invest in the immediate modernization of our facilities to make them even more cost competitive and to be prepared for growth opportunities wherever they may occur.

I wish to publicly state how pleased I am with the selection of Don Kayne as my successor. Don's long and successful development within Canfor is highlighted with him steering this company towards our highly valued customers in the home center and J-grade and pro dealer markets. And the terrific growth we are getting in China is to a large extent due to Don's leadership. Don's impact on our penetration into the China market is exemplified by his recent appointment by his peers in the industry to become the chair of the FII China board, which is supported by Canada and BC governments and the BC lumber industry. FII China is a government industry partnership that directs the strength of the BC lumber industry towards the best lumber market opportunities in China. Don is the right choice to lead that mission, just as he is the right choice to lead the future direction of Canfor. The fact that we can draw with him for our CEO position is a true indication of Canfor's corporate strength.

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While Don is the right choice from within, he was not the only choice. Don is part of an exceptional executive team, each of whom is a true leader and, in my opinion, the best you can get in their fields. In addition to Don, I'm joined on these teleconferences with Tom Sitar our VP Finance and CFO. I could go in for quite a while about Tom's excellence in his field but I would be singing to the choir. You already know that Tom is an exceptional CFO. I should add that Tom is more: he is an exceptional businessman. He's able to take his financial discipline and look beyond the numbers. He has a keen eye for the future and with his long in depth experience in our industry he adds very valuable input as we develop our strategy for the future.

Another executive you know is Mark Feldinger, our VP Manufacturing. As you know, from his incisive, as you know him from his incisive commentary during these teleconferences, Mark is a highly qualified manufacturing executive. But he is more than that. Even as the key executive charged with the awesome task of downsizing our production facilities as our markets fell off, he kept in sync with Don and our marketing team and made sure we minimized the impact of these changes of our customers. That we have managed to maintain our strong relationship with our highly valued customers as we have been forced to harvest our way through the ecological devastation of the mountain pine beetle is a true testament to Mark's leadership of our terrific manufacturing and woodland (inaudible).

Our executive team also includes Rob Stewart, Vice-President of Human Resources. Rob's leadership with the Cooperation of United Steelworkers has provided agreements with all our hourly employees that will see them enjoying profit pay as our lumber markets recover. By the way, we have similar agreements with the PPWC and the CEP unions. This profit performance based pay package provides all our employees with true alignment with our shareholders and we are very proud of the breakthrough thinking that made this possible by our management, by our unions, and by our hourly employees. To them all I say congratulations.

And now to the comments on the quarter.

The year ended with Canfor posting a profit of \$55 million in the fourth quarter and a total profit for the year of a \$161 million. There is no doubt that things have improved in the lumber business in the last year. Lumber prices for the quarter were higher than last year due to continuing and accelerating demand from China.

I went on my seventh trip to China in October. That's why I wasn't able to participate in Canfor's third quarter conference call. Each trip revealed that we are still just

scratching the surface of this vast market. Even though an increasing percentage of our shipments are in construction grade lumber, we have captured only a very small fraction of the wood frame construction market. And when one recognizes China's fast growing wealth combined with relentless urbanization, it's easy to project the significant use of lumber in single and multi-family units in the future.

In 2011, we expect to ship the equivalent of four sawmill's production to China. China's increased acceptance of lumber as a viable building product is due to three main factors. First, the Chinese developed a concern for seismic safety following the Sichuan earthquake and have come to appreciate lumber as a safer construction material. Second, that country has a determination to be an environmental leader and consequently is interested in reducing its carbon footprint through wood frame construction. And finally, lumber is now seen as an alternative to traditional building materials like steel and concrete. At the same time we are starting to see the very early signs of a U.S. recovery. Although likely prolonged, continuing household formations, lower unemployment, steady immigration, and housing starts near replacement levels indicate an inevitable and prolonged recovery. The accumulative effect of this will continue to support stronger pricing of lumber.

With these factors at play, we have started investing in our operations. In 2010, we committed \$85 million to strategic operations. \$45 million of that was earmarked for rebuild of our Fort St. John operation. The result of this upgrade will be a large top tier mill located in a high quality fibre region. In December we announced plan to spend an additional \$300 million in capital improvements over the next three years. \$120 million of that will be spent in 2011 on improving the efficiency of strategic operations. By the way, all of our capital projects has been started up on time and have come in under budget.

We have a sawmill in Vavenby, British Columbia that has been closed from the summer of 2009. Continuing our emphasis on the conversion of additional green timber to improve our output of prime grades of lumber, on Friday we announced that we will be investing \$24 million in this operation to improve its efficiency and cost recovery. We expect to have Vavenby up and running by the end of the summer. This modernized mill will provide increased prime products for our key home center and offshore customers. In addition, we're also committing capital to upgrade our Polar and Plateau operations in British Columbia. These investments are part of a continuation of our strategy to take our key operations into the top tier.

Looking forward, I'm cautiously optimistic. Although the U.S. housing market recovery will likely be slow drawn

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process, when combined with the increasing demand from Asian markets and the increasing shrinkage of the timber basket available for SPF, it should ensure that we have a strong and sustained lumber pricing environment for the foreseeable future.

Now, for more details of our financial results in the fourth quarter, I'd now like to turn the call over to Tom Sitar. Tom?

Thomas Sitar, Vice President Finance & Chief Financial Officer

Thank you, Jim.

My comments will be focused on our financial results and those items that affect comparability with our prior quarters and those factors that contributed significantly to our results. During my comments I will refer to our fourth quarter overview with a slide presentation which is on our website. Also note that for ease of reference I will refer to all dollar amounts rounded to the nearest million, except of course for the per share amount. Full details and amounts are shown in our news release.

The fourth quarter equity shareholder net income, which includes only 50.2 percent share of earnings from Canfor Pulp Limited Partnership, were \$31 million or \$0.21 per share. This compares to a net income of \$6 million or \$0.04 per share for the third quarter of 2010 and a net loss of \$17 million or \$0.12 per share in the fourth quarter of 2009.

On slide three of our presentation we have highlighted the current quarter's non-operating items that affect comparability of results between the quarter and they are: A gain of \$7 million due to the effect of the translations of our U.S. dollar denominated debt, net of investments, as the Canadian dollar strengthened approximately \$0.04 compared to the prior quarter end; a gain of \$5.5 million related to a mark-to-market increase in the value of asset-backed commercial paper which has been written down in 2007; again of \$5 million on the sale of assets of Howe Sound Pulp & Paper Limited Partnership; and a \$1 million gain on derivative financial instruments. Though the amount is small we include it for a consistency of adjustments between the quarters. After taking account of these items, the fourth quarter adjusted net income is \$13 million or \$0.09 per share compared to a similarly adjusted net income of \$12 million or \$0.08 per share for the third quarter of 2010.

Turning to our operating performance, I'm now on slide four of our presentation, the company had total sales of \$629 million, which was \$40 million higher than the prior

quarter. This generated EBITDA of \$79 million, an increase of \$13 million from the prior quarter. If you remove the effect of inventory devaluations reflected in each quarter's result and the permanent closure of Clear Lake which we recorded in Q3, EBITDA in the fourth quarter was \$79 million, a decrease of \$2 million from a similarly adjusted \$81 million of EBITDA in the third quarter of 2010.

Looking at each of our business segments in turn, first lumber. On slide five of our online presentation we show the history of U.S. housing starts and SPF lumber prices in Canadian dollars. The North American lumber market continued to reflect the struggling U.S. housing sector in the fourth quarter of 2010. As Jim had commented, China's increase in consumption of BC softwood lumber continued in the quarter and helped to support a higher North American price, particularly for the narrower dimension.

The lumber segment had EBITDA of \$22 million in the fourth quarter of 2010 compared to EBITDA of \$5 million for the previous quarter. This result included an inventory evaluation recovery of \$1 million in Q4 compared to a similar round Q3 and in addition there was a one-time charge of \$18 million related to the closure of Clear Lake in Q3 2010. When you adjust these items out, EBITDA in Q4 was \$21 million, which represented a \$1 million quarter-to-quarter decrease.

Although the benchmark to 2X4 prices for western SPF and southern yellow pine lumber increased during the quarter, these price increases were not matched by price movements across most other grades and widths. The benchmark pricing increases were also not reflective of the pricing in the offshore market. In addition, we produced and sold a lower proposition of prime products. As a result of these factors and the strength of the Canadian dollar, sales realizations were up only slightly from the prior quarter. Our lumber manufacturing costs were up from the previous quarter by about 4 percent in total, reflecting higher log and conversion costs. Conversion costs were up in part because of the lower production in the quarter due to downtime related to capital project in Fort St. John and Houston mills.

I'm now turning to the pulp and paper segment, which slide seven of our presentation. The fourth quarter results reported for the pulp and paper segment includes Canfor's Taylor pulp mill together with Canfor Pulp Limited Partnership. Fourth quarter EBITDA was \$63 million and was down by \$2 million compared to the third quarter of 2010, as lower market prices and stronger Canadian dollar resulted in lower sales realization. Details of results of Canfor Pulp Limited Partnership, of which we own 50.2 percent, were discussed in Canfor

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Pulp Income Fund's news release and conference call earlier this week but it is appropriate to say that Canfor Pulp had a record year in 2010 in terms of sales, EBITDA, and net income.

In the fourth quarter, our capital expenditures were \$47 million, of which \$28 million was in the lumber business and \$19 million in Canfor Pulp. Our capital spending for the full year 2010 was \$88 million on the lumber side. For 2011, we will be proceeding with a capital spending plan of \$145 million for our lumber business, of which \$120 million will be for improvement projects to sawmilling facilities. And, as Jim mentioned, three projects were announced on Friday totalling \$62 million for Vavenby, Polar, and Plateau.

At the end of the quarter Canfor, excluding Canfor Pulp, had cash of \$196 million and unused lines of credit of approximately \$376 million. Our net debt to total capitalization excluding Canfor Pulp was less than 1 percent and on a consolidated basis it was 3.3 percent.

And now, Jim, I'd like to turn the call back to you.

James Shepard, President & Chief Executive Officer

Thank you, Tom.

Summing up our viewpoint of the future, we see the 2011 lumber market to continue to strengthen, which is to a large extent a requisition of China's impact on lumber prices and the effect of the anticipated U.S. recovery in housing is yet to be felt. This is why we are comfortable to be making these previously mentioned capital investments in our facilities to improve the competitiveness of our lumber operations.

Operator, I would now like to ask that we take questions from the telephone lines.

Operator

Thank you. We will now take questions from the telephone lines. We will first take questions from financial analysts followed by the media.

If you have a question, please press star one on your telephone keypad. If you are using a speakerphone, please lift your receiver and then press star one. If at any time you would like to cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register for questions and we thank you for your patience.

Our first question is from Daryl Swetlishoff from Raymond James. You may go ahead.

Daryl Swetlishoff, Raymond James

Thanks. I'd just like to preface my questions with congratulations to Don Kayne on the CEO and also congratulations to Jim for leaving the company in such a good shape.

James Shepard, President & Chief Executive Officer

Thank you.

Daryl Swetlishoff, Raymond James

Just two questions, first on—just a question about China. I know Canfor has been a pioneer in developing that market and I'd like to get your perspective, Jim, or others on the call, about what the normalized shipment levels to China might be when we do see recovery in the U.S. housing market?

James Shepard, President & Chief Executive Officer

Well, I think basically what it boils down to is we're moving into a new world as far as lumber is concerned. The old world was we had a situation where we had a limitless supply of lumber in Canada serving a basically a finite market, which was the United States, and that was driven by the housing sector. And we became so overly dependent on the housing sector of United States that we used to look at housing starts as the barometer for the health of the lumber industry. And, quite frankly, it's the old story of the mother of invention is necessity, and looking back four or five years ago we saw that we're going to have to get beyond depending on the housing sector and that's when Don really started to lead the charge to get to other markets, developing more of our markets in Japan and Korea, but specifically focused in on China. And China has really demonstrated that going forward the new world is not going to be a case of us serving the American market, it's going to be serving the American market and the Chinese market and the Asian market. It'll be a different dynamic.

So the normalized amounts of going in each direction, we're not sure, I can tell you this much; we certainly are going to make sure that we maintain a reliable and sustainable supply of the prime products that we supply to our pro-dealer and our home centre customers here in

North America and that we make sure that our J-grade customers in Japan are properly supplied. But, quite honestly, China is, right now we're up to 30 percent of our market is going into China. And who knows? It could be a little bit more than that going into the future.

Daryl Swetlishoff, Raymond James

Could you tell me a bit more about the demand for number-two grade and better in China right now, just in terms of end users?

James Shepard, President & Chief Executive Officer

Well, quite honestly, the two and better is up towards, what, 30 percent of what we're shipping there? 35 percent. But we—and you first look at it and you say, oh, that's great, the primary application for construction-grade lumber is now being used in China, but that's not true. We're just now scratching the surface. In fact, we're just going back over to China in a couple of months time to a green construction show where we're going to be constructing a three-storey building right at the exhibition site in wood frame construction. And it's going to be really, I think it's going to be showcase of what's in the future for people that are interested in green construction in China. And there's a lot that are. But up until now the two and better has been, a lot of it's been still be used in forming for concrete.

Daryl Swetlishoff, Raymond James

Last question was just relating to pricing in the Chinese market. Has there been any evolution of the contract pricing model that currently exists?

Don Kayne, Vice-President, Wood Products Marketing & Sales

Daryl, this is Don. Yes, there has been. And actually it continues to improve and the gap that existed a few quarters back, several quarters back even, is basically eliminated now. So going forward not only how we shrunk how far we actually quote but we the strength between North American prices and China has basically been eliminated.

Daryl Swetlishoff, Raymond James

Okay, thanks guys. I'll turn it over.

Operator

Thank you. The next question is from Liliana Tzvetkova from Dundee Securities. You may go ahead.

Liliana Tzvetkova, Dundee Securities

Hi, good morning. Congratulations on the results. I just have one question with regards to your stumpage fees in this quarter versus last quarter and in 2009. How much of your timber purchases have been classified as grade-four lumber and (inaudible) for the minimum stumpage rates and what do you expect this is going to be going forward in 2011 and 2012?

Thomas Sitar, Vice President Finance & Chief Financial Officer

Firstly, we don't split out volumes by grade, but there has been a slight increase in stumpage costs quarter to quarter. It hasn't been a dramatic one at this stage but there is an increase.

Liliana Tzvetkova, Dundee Securities

Okay. And going forward expect stumpage rates to increase or have no idea right now?

Thomas Sitar, Vice President Finance & Chief Financial Officer

I would expect them to gradually increase.

Liliana Tzvetkova, Dundee Securities

Okay, great. Thank you very much.

Operator

Thank you. Our next question is from Paul Quinn from RBC Capital Markets. You may go ahead.

Paul Quinn, RBC Capital Markets

Thanks very much. Couple questions. One on, ah, you guys produced and sold lower product mix in Q4, just trying to understand whether that's a one-timer or is that one of the reasons why you're bringing back Vavenby.

Don Kayne, Vice-President, Wood Products Marketing & Sales

Yes, partly, but certainly—Paul, it's Don. The biggest thing we saw this last quarter which was bit of an irregularity for sure has been some of the spreads between fixed length and random length published prices. And I guess what I mean by that is mostly the shorter length have been at a larger discount than they typically have been in the past and because it has been so large we have started to see that start to shrink.

So we certainly think it is more of a one-time thing and as things progress here over this year, in 2011, we expect that to start to narrow again compared to what it was in the past. That was probably the biggest single impact that we saw in the quarter.

Paul Quinn, RBC Capital Markets

Okay. So in terms of that product mix, what is percentage of shorter length versus random?

Don Kayne, Vice-President, Wood Products Marketing & Sales

Well just basically what I—its two things, Paul. It's the 2X6 versus 2X4 in width that has been at a pretty big discount, as you can even see today, which is kind of unusual, and then more importantly is the 8, 10, and 12 foot volumes that we saw this past quarter were at a larger, quite a larger discount than what they typically have been. So, percentage wise, you know, we probably will be more in the neighbourhood of, I don't know, 25 or 30 percent. Something like that.

Paul Quinn, RBC Capital Markets

Okay. And then in terms of shipments to China, it's 26 percent in Q4 of total shipments or SPF shipments?

Don Kayne, Vice-President, Wood Products Marketing & Sales

Actually, as Jim mentioned, it's actually marked at 30 percent to China in Q4 overall and about 8 percent to Japan and Korea. That's SPF, yes.

Paul Quinn, RBC Capital Markets

So when you're forecasting, and Jim mentioned four sawmills worth of production to China in 2011, is that about, is 800 million board feet or is that 1 billion or...?

Don Kayne, Vice-President, Wood Products Marketing & Sales

Approximately.

Paul Quinn, RBC Capital Markets

The former?

Don Kayne, Vice-President, Wood Products Marketing & Sales

That would be a good estimate.

Paul Quinn, RBC Capital Markets

Okay. And then just lastly, just on the softwood lumber agreement dispute here, it looks like it's going to be a long drawn out event. What's your expectation on sort of, I guess, key timeline events going forward?

James Shepard, President & Chief Executive Officer

Well, that's hard to tell, but they're certainly drawn out. I don't think that the timeframe for this one is going to be a matter of months; it will probably be a matter of years. But it's still remains to be seen. It certainly isn't going to be anything settled in next year, that's for sure.

Paul Quinn, RBC Capital Markets

Okay, great. Congratulations on your next retirement, Jim, and good luck in future, Don.

Don Kayne, Vice-President, Wood Products Marketing & Sales

Yes, thanks very much, Paul.

James Shepard, President & Chief Executive Officer

Thanks, Paul.

Operator

Thank you. Our next question is from John Koller from Oppenheimer & Close. You may go ahead.

John Koller, Oppenheimer & Close

Hi, good morning gentlemen. My question just relates to the product mix. If we can go back to that. I was wondering if you could help explain whether or not that's channel inventory that's causing the price discrepancy or perhaps maybe, and this might be a little outlandish, but it's money chasing futures contracts, which might skew the price a little bit?

Don Kayne, Vice-President, Wood Products Marketing & Sales

Yes, this is Don. I mean I'm not sure how much of this has to do with the futures market at all. I think just basically throughout the quarter there continues to be solid demand in demand in China, which has had a positive impact on the price of 2x4 random lengths versus specified lengths. Overall, and I mean if you just take a look at those spreads, they are uncharacteristic than what we have seen in the past, and we've seen this past quarter that the biggest spread between fixed-length published price (inaudible) published prices that we've ever seen. So we are starting to see that now to start to diminish though going forward. And we expect that over the next three to four months to, not to get back to even but certainly gain some ground back compared to random length pricing.

John Koller, Oppenheimer & Close

Okay. And from the cost side, rising costs are still, I mean it's getting pretty rampant, and you are still seeing those contained within your expectations?

Thomas Sitar, Vice President Finance & Chief Financial Officer

I wouldn't call them rampant, but we do have some escalations in cost and, for instance, haul distances in terms of delivery of fibre and things like that. But, I see that as gradual escalation.

John Koller, Oppenheimer & Close

Okay. I was thinking of fuel, energy primarily

Thomas Sitar, Vice President Finance & Chief Financial Officer

Yes, fuel is part of that, and some energy cost and some transportation costs are all going up. So it is on a number of different fronts that is increasing.

Don Kayne, Vice-President, Wood Products Marketing & Sales

We also had two major capital projects that impacted the fourth quarter, which we would expect to see a significant reversal on in Q1.

John Koller, Oppenheimer & Close

Okay, great. Thank you very much.

Operator

Thank you. As a reminder for the financial analysts, if you have a question or comment, please press star one on your telephone keypad.

Your next question is from Pierre Lacroix from Desjardins Securities. You may go ahead.

David Rojo, Desjardins Securities

Good morning. This is actually David Rojo(sp.) filling in for Pierre. I just had a quick question going through your other items. You noted a \$2.5 million gain on sales and we were just going through and I couldn't see it being reconciled in EBITDA. It is reconciled beneath the EBITDA line?

Thomas Sitar, Vice President Finance & Chief Financial Officer

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Well the items that we reconciled are major components that are in other income. We don't, I'm not sure which item you refer to but we don't tend to reconcile out any sort of small quarter-to-quarter movements. But I'm not sure to which item you're referring.

David Rojo, Desjardins Securities

It was a gain on sale of a non-core asset, so I imagine it's (inaudible).

Thomas Sitar, Vice President Finance & Chief Financial Officer

That was, we didn't consider it an adjustable item in that we have small sale components in other quarters. We really adjust out major items.

David Rojo, Desjardins Securities

Okay, but that would be quoted in the EBITDA number.

Thomas Sitar, Vice President Finance & Chief Financial Officer

That's normally below the EBITDA and other income.

David Rojo, Desjardins Securities

Okay. And then just a follow-up on the panel joint venture: We noticed in the past that you typically release some statistics just on shipments, but we couldn't find any there this time.

Thomas Sitar, Vice President Finance & Chief Financial Officer

Well, we don't identify the panel business as a separate segment, so we don't provide that much information on the details of it.

David Rojo, Desjardins Securities

Would you happen to know the shipments even though you don't quote them?

Thomas Sitar, Vice President Finance & Chief Financial Officer

I don't have it right with me and it's probably easier to follow up on a call with us on that specifically.

David Rojo, Desjardins Securities

Okay, thank you very much. That was it.

Operator

Thank you. Your next question is from Sean Steuart from TD Newcrest. You may go ahead.

Sean Steuart, TD Newcrest

Thanks. Good morning and congratulations everyone.

Jim just a follow-up question on I guess the longer term dynamics in China: Can you speak to any progress you guys have seen in terms of building code changes there over the long run on a broad base?

James Shepard, President & Chief Executive Officer

Yes, we have. Don could give you more detail. We definitely have seen that and that's been part of the thrust. We're going to be going back for our fifth mission now, led by Pat Bell, and the real value with Pat Bell's presence on these missions and leading it is that you have to understand that government officials are mostly speaking to other government officials, and the higher he is up the higher we can get up over there. And Pat's presence has enabled us to get into to see the key people in the Ministry of Housing who influence the codes and, as a matter of fact, there has been very significant changes to the code for Shanghai. And so, Don, did you want to give more detail on that?

Don Kayne, Vice-President, Wood Products Marketing & Sales

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Basically, no, just would echo what Jim said. I mean the progress has been exceptional in the last couple of years and we basically can build now both commercial and residential, three, four storey and shorter, and using exterior wood applications, interior walls, crosses, floor systems, whatever, and we are actively doing that now on several demonstration projects with the BC and the federal governments have participated in. And, going forward, on the buildings higher than four stories, infill walls, partition walls, all of that is, of course for non-structural uses, is able to be used. There is an awful lot of construction in China just in out alone. So for the most part, well there has been significant increase and improvements in the whole code situation for the last two years that the both BC and federal government has been working on as well.

James Shepard, President & Chief Executive Officer

Just, you know, it's difficult not to get overenthusiastic about the potential that China offers to the lumber industry out here in British Columbia. When you think about the urbanization in China, it involves the immigration of about 30 million people per year into the urban centers of the country, and the housing of those 30 million, which is pretty much the population of Canada, is mostly going to be handled by either high-rises or multifamily structures. In China, they have approved wood infill walls on those high-rises. That's something we do not have here in North America. And if that moves ahead, quite frankly, the appetite for our lumber is going to be immense.

Sean Steuart, TD Newcrest

Thank you very much. That's great context.

Operator

Thank you. We will now take questions from the media sector. As a reminder, please press star one if you have a question or comment.

There are no questions registered. I'd like turn the meeting back to Mr. Shepard.

James Shepard, President & Chief Executive Officer

Okay. Thank you, operator, and thank you all for joining our conference to discuss our fourth quarter results. Your insightful questions show your continuing interest in Canfor and we do appreciate that. We'll talk to you next quarter.

Operator

Thank you. The conference call has now concluded. Please disconnect your lines at this time and we thank you for your participation.
