



Canfor Corporation

June 2010



Forward Looking Statements

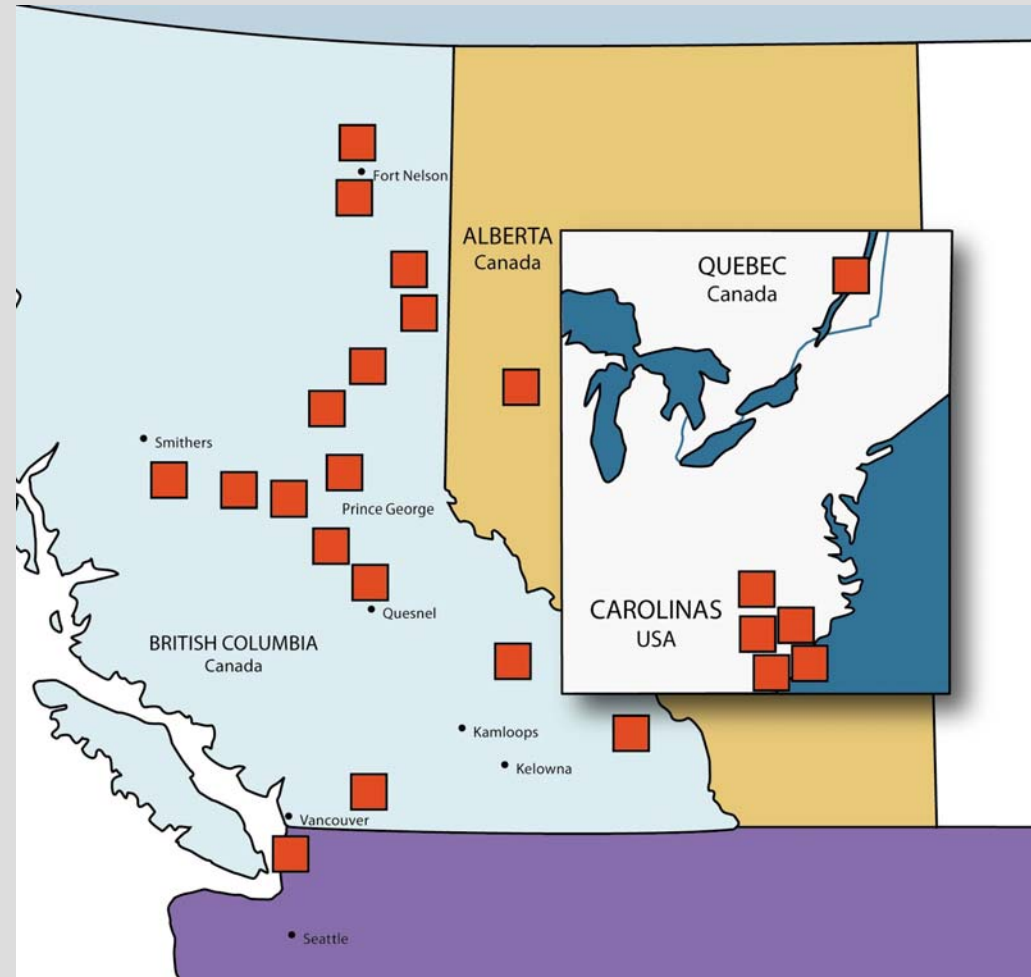
- ▶ The presentation and answers to questions today contain forward-looking statements which involve known and unknown risks, uncertainties and other factors that may cause actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Factors that could have a material impact on any future oriented statements made herein include, but are not limited to: general economic, market and business conditions, product selling prices, raw material and operating costs, foreign exchange rates, interest rates, changes in law and public policy, the outcome of trade disputes, and opportunities available to or pursued by the Company.
- ▶ For further details on these factors and our assumptions and applicable risks and uncertainties, please refer to Canfor Corporation's Annual Report for the year ended December 31, 2009 available at www.canfor.com or www.sedar.com.

Canfor Overview

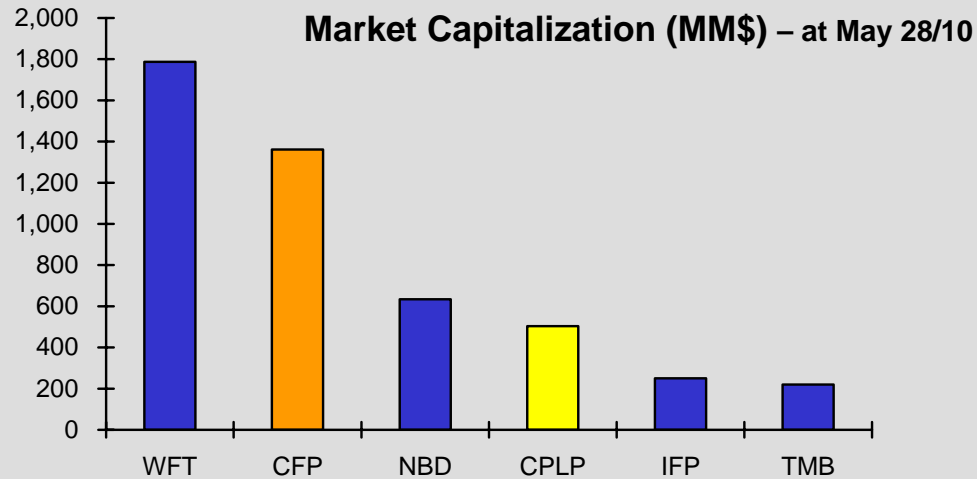
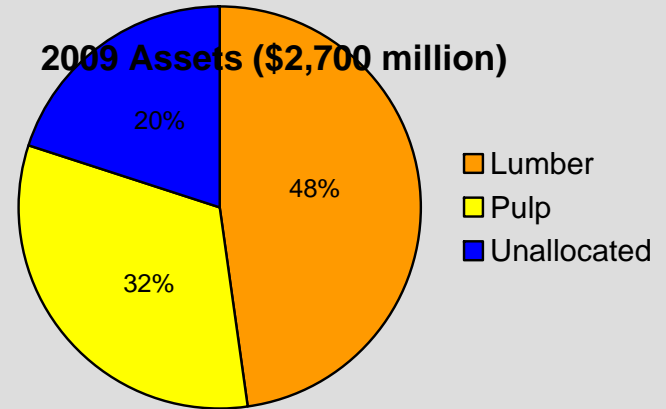
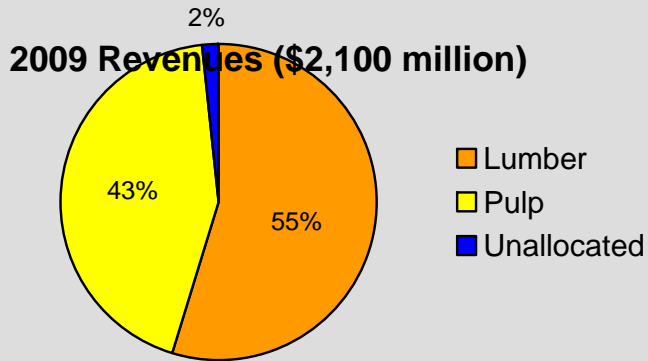
- ▶ 15 sawmills in Canada
(Capacity – 4.3 Bfbm)
- ▶ 4 sawmills in the US
(Capacity – 0.6 Bfbm)
- ▶ 50.2% interest in Canfor Pulp (3 BC interior pulp mills) (Capacity - 1 million admt)

Non Core Holdings

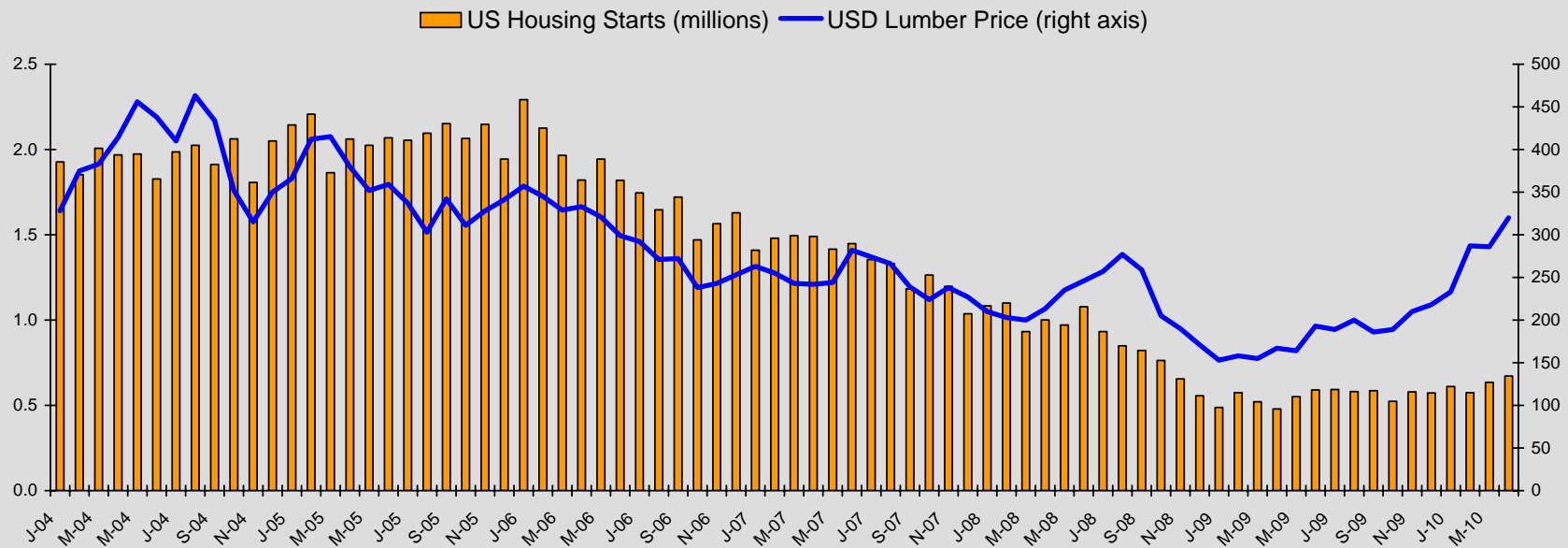
- ▶ 50% interest in Peace Valley OSB plant
- ▶ 2 panel plants in BC – OSB & plywood
- ▶ 1 BCTMP pulp mill in BC
- ▶ 50% interest in Howe Sound Pulp LP



Canfor Overview

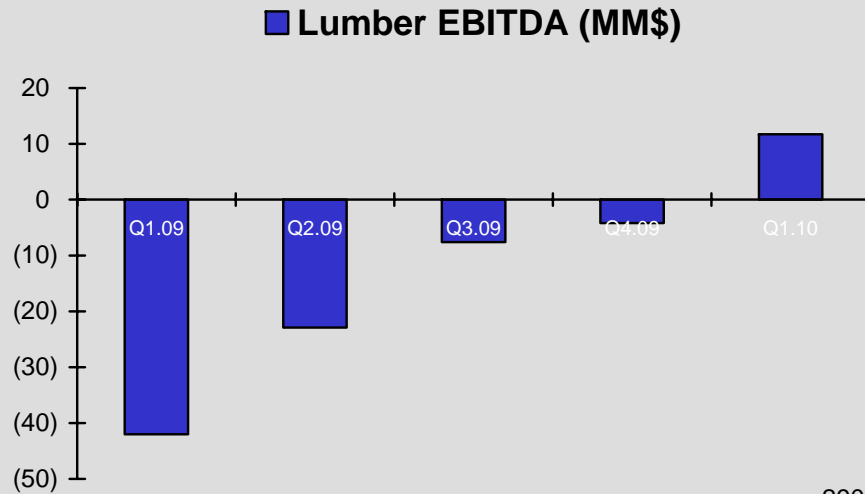


The Downturn

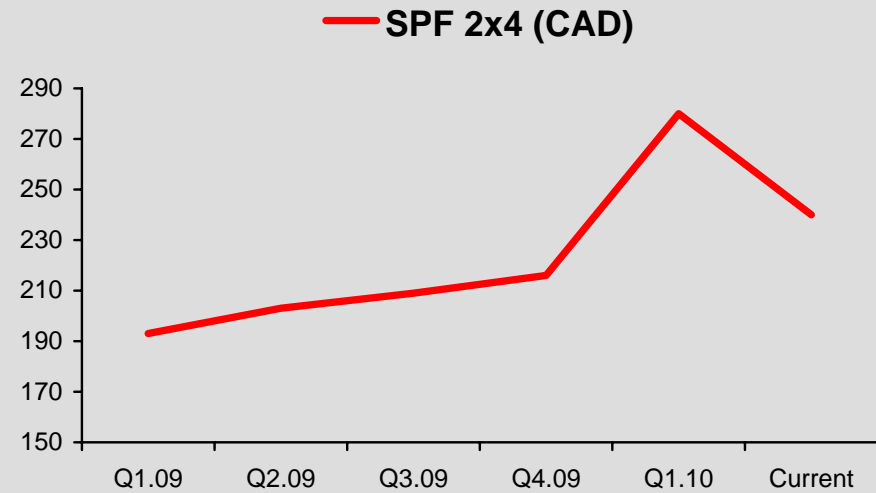


- ▶ Reduced sawmill capacity to below 60%, idled OSB and plywood plants
- ▶ Reduced corporate and support staff levels by 25%
- ▶ Rolled back salaried staff wages 3-15%
- ▶ Rolled back contractor and supplier invoices by 10-15%
- ▶ Reduced peak working capital by approximately \$100 million
- ▶ Reduced capital expenditures to minimal levels (\$40 million)

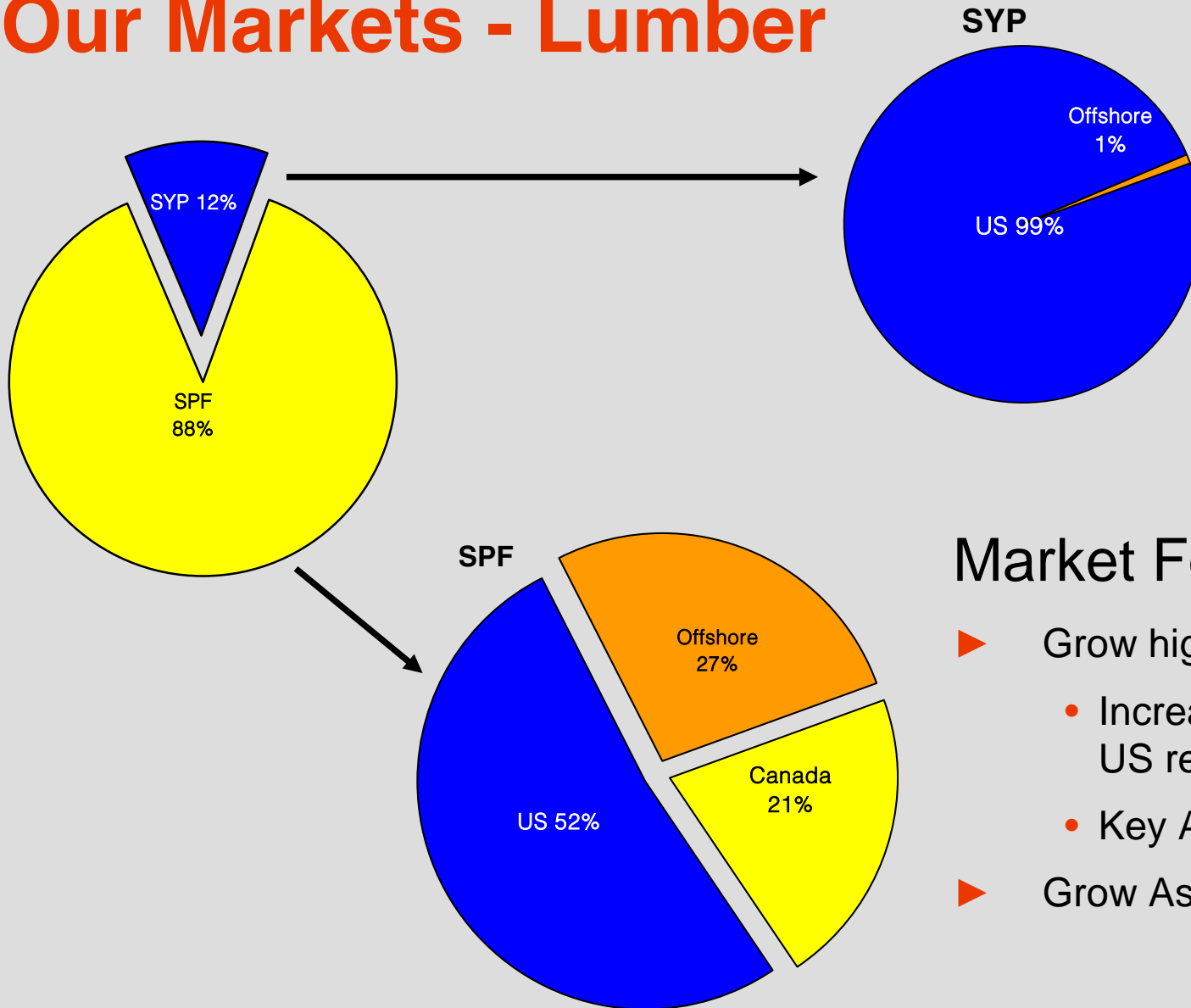
Improved Lumber Prices



Represents EBITDA adjusted for restructuring and inventory devaluation



Our Markets - Lumber



Market Focus

- ▶ Grow high value customers
 - Increase integration with US retail customers
 - Key Asian customers
- ▶ Grow Asian markets

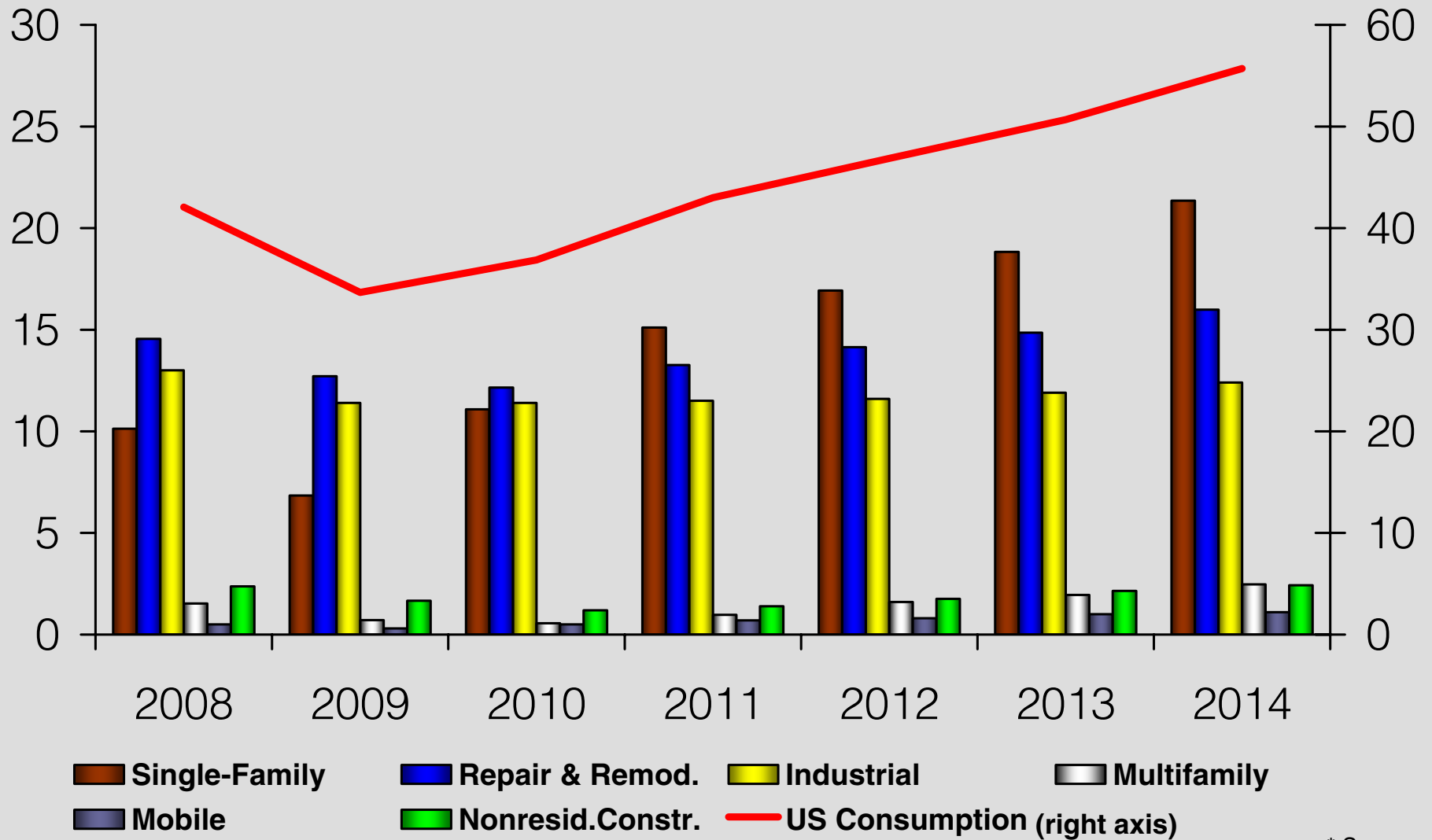
Represents Q1 2010 volumes

U.S. Lumber Demand

Volume (Bfbm)

2009 – Repair & Remodelling - 40% of the total US Demand

Volume (Bfbm)



* Source - RISI



Canfor's Top 10 Global Customers

▶ Alpa Forest Products Inc.
Pro Dealer

▶ Home Depot
Home Center



▶ Lowes Companies
Home Center



▶ LMC
Pro Dealer



▶ Millman Lumber Company
Pro Dealer

▶ Mitsui Homes (Japan)
Home Builder

▶ Pro Build
Pro Dealer



▶ Stock Building Supply
Pro Dealer



▶ Universal Forest Products
House Components



▶ Wing Corp (Japan)
Industrial

These represent approximately **50%** of total lumber revenues.

Developing Asia

▶ Japan

- Further develop the DIY segment
- Further develop Post & Beam / 2X4 hybrid market
- Increase committed volumes to strategic customers

▶ China

- Sichuan wood frame reconstruction
- Infill partition walls, trusses / floor systems in concrete structures
- Custom remanufacturing for Japan and other countries

▶ Korea

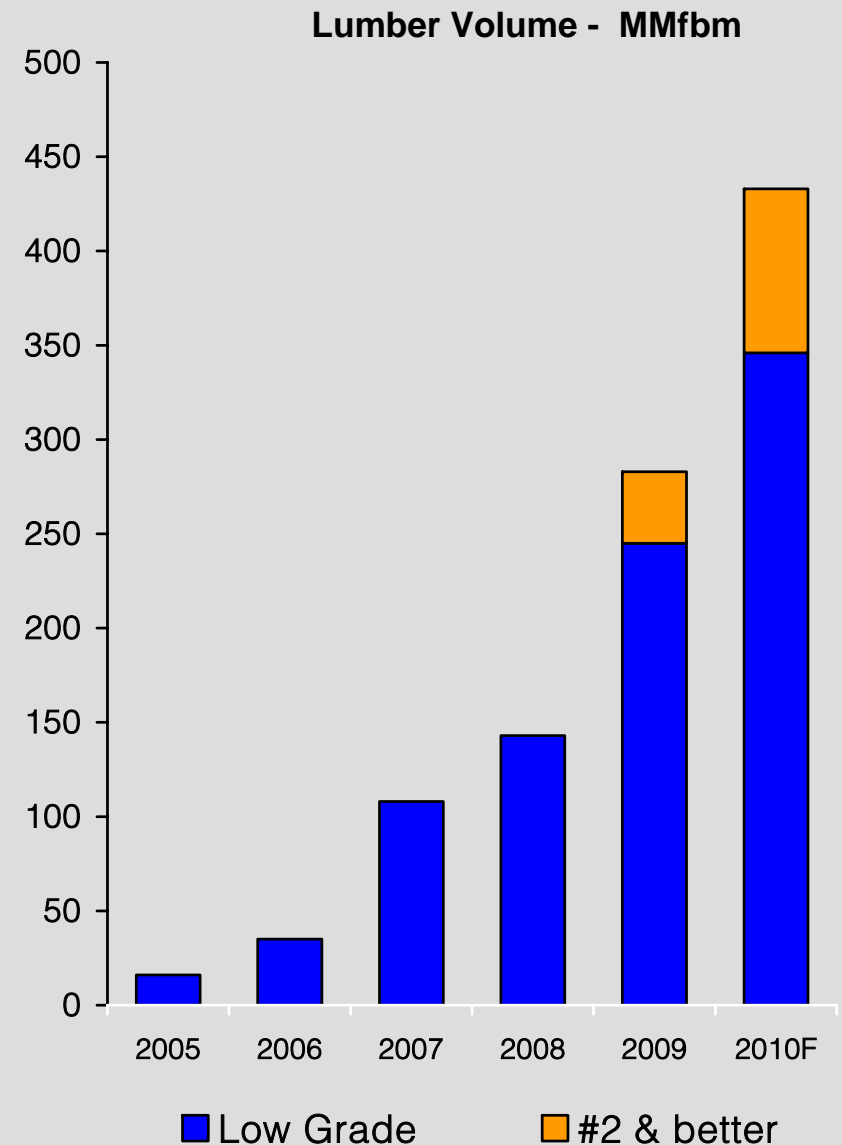
- Increase market share of wood frame construction homes



Guangzhou, China

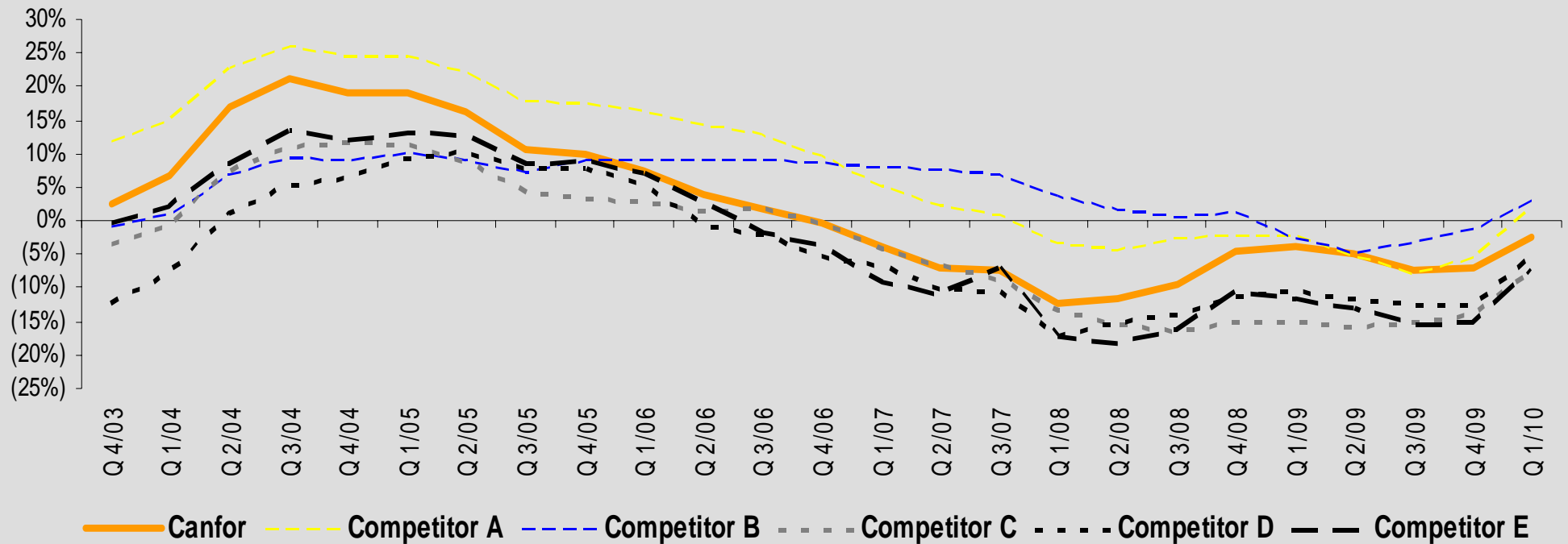
China

- ▶ Long term commitment to China
- ▶ Building codes are more conducive to wood frame construction
- ▶ Establishing 2 X 4 for the emerging housing sector
- ▶ Significant demand for low grade product
- ▶ Provincial and Federal government support for market development

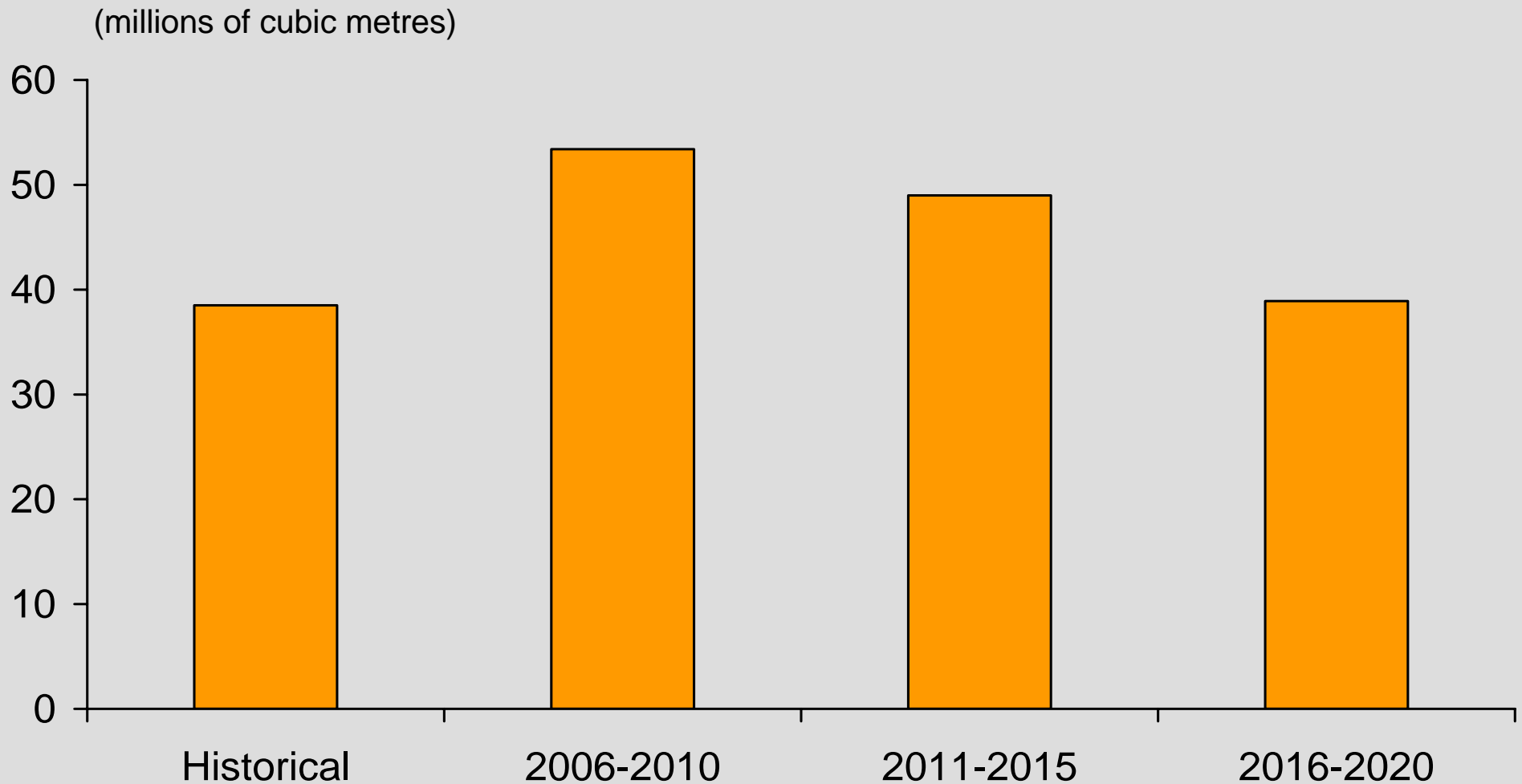


Margin Focused

Margin (% of Sales) – Lumber Segment

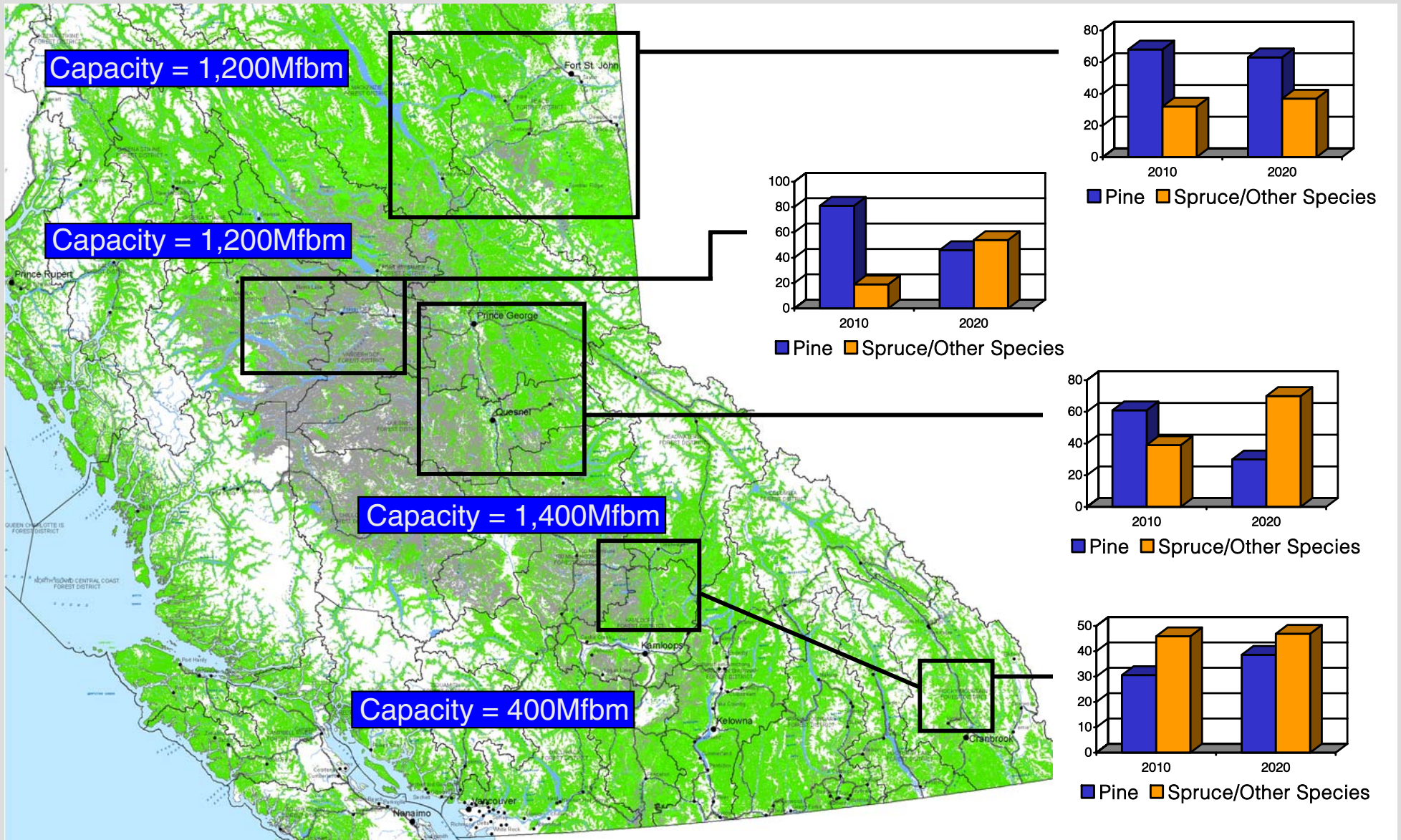


BC Interior Annual Allowable Cut



Source: Ministry of Forests

BC Fibre Outlook – Production Capacity



Elements of a Lumber Supply Shortage

(in billions of fbm)	2010F	Change	2014F*	Normalized
North American Capacity	70			70
MPB/Canadian Cut Reduction		(1)		(2)
European Imports		3		3
Capacity Growth (2.2%)		6		6
Total Capacity (Bfbm)	70	8	78	77
US Consumption	37	23	60	54
Canadian Consumption	10	0	10	10
Offshore	4	4	8	8
Total Consumption (Bfbm)	51	27	78	72
Operating Rate	73%		100%	94%

* Sources: Capacity as per USDA; Consumption as per FEA (except 2014 Offshore), company estimates

Normalized assumes 1.5 million housing starts

Lumber Price/Operating Rate

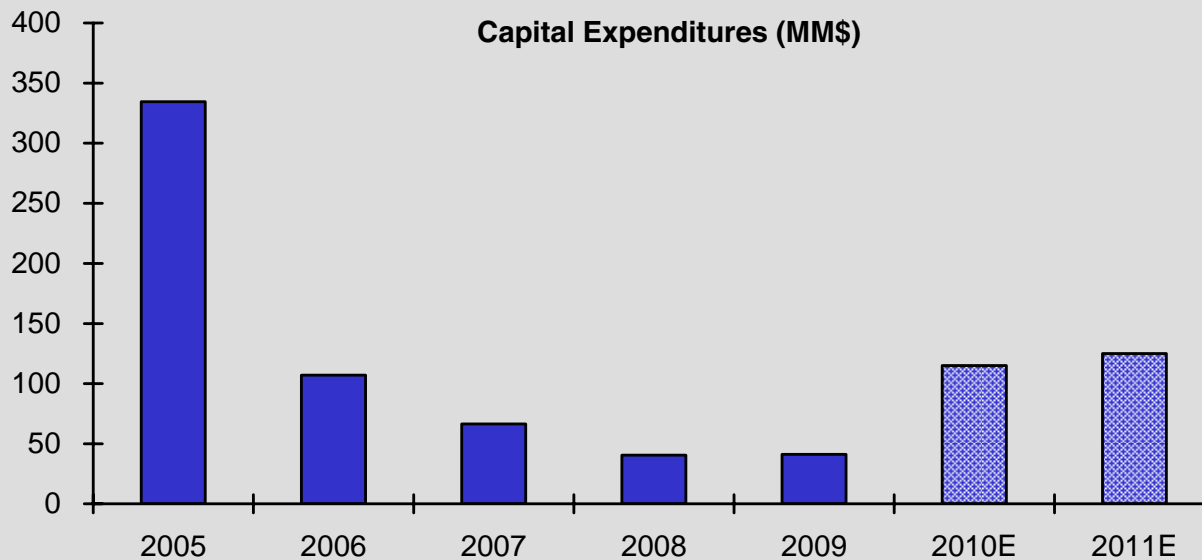
Forecast operating rate is high by historic standards...



Sources: FEA, RISI, Company estimates

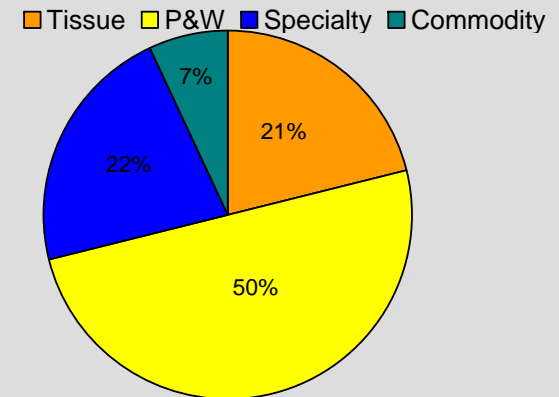
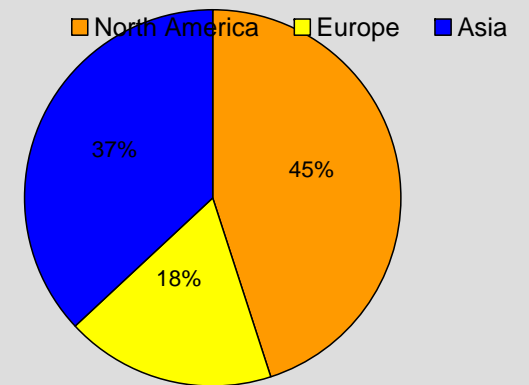
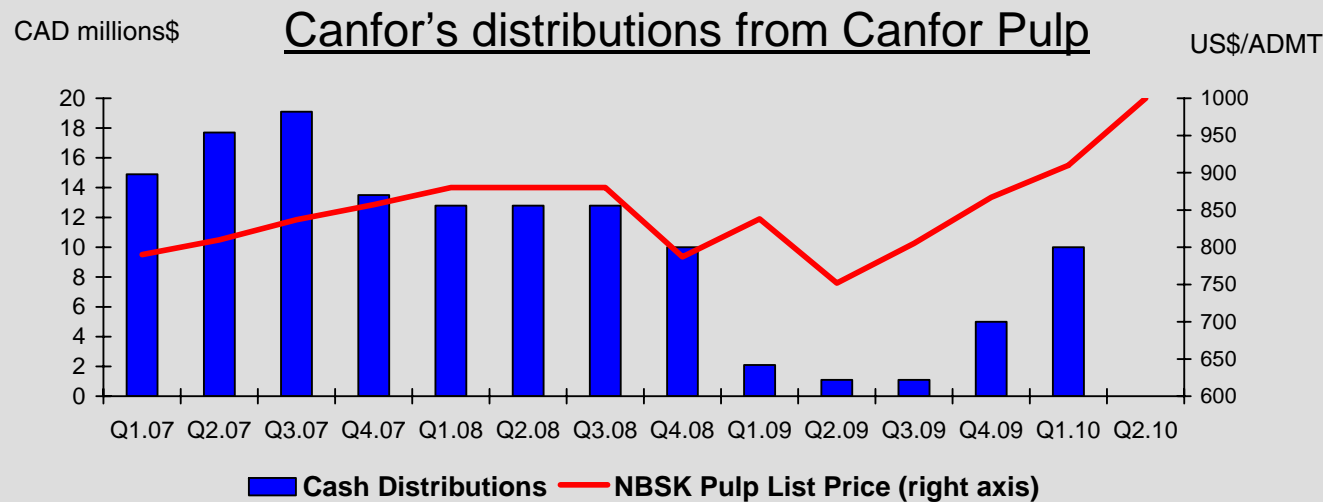
Capital Expenditures

- ▶ 2010 projected capital spend of \$115 million:
 - Maintenance capital - \$25 million
- ▶ 2011+ projected capital spend - \$125 million annually
 - Mill modernization and reductions of fossil fuel usage



Canfor Pulp

- ▶ Controlling interest in Canfor Pulp Limited Partnership
- ▶ 2007 contributed \$74 million cash to Canfor (2010 estimate: \$70 million*)
- ▶ NBSK pulp markets are currently very tight (all time record prices)

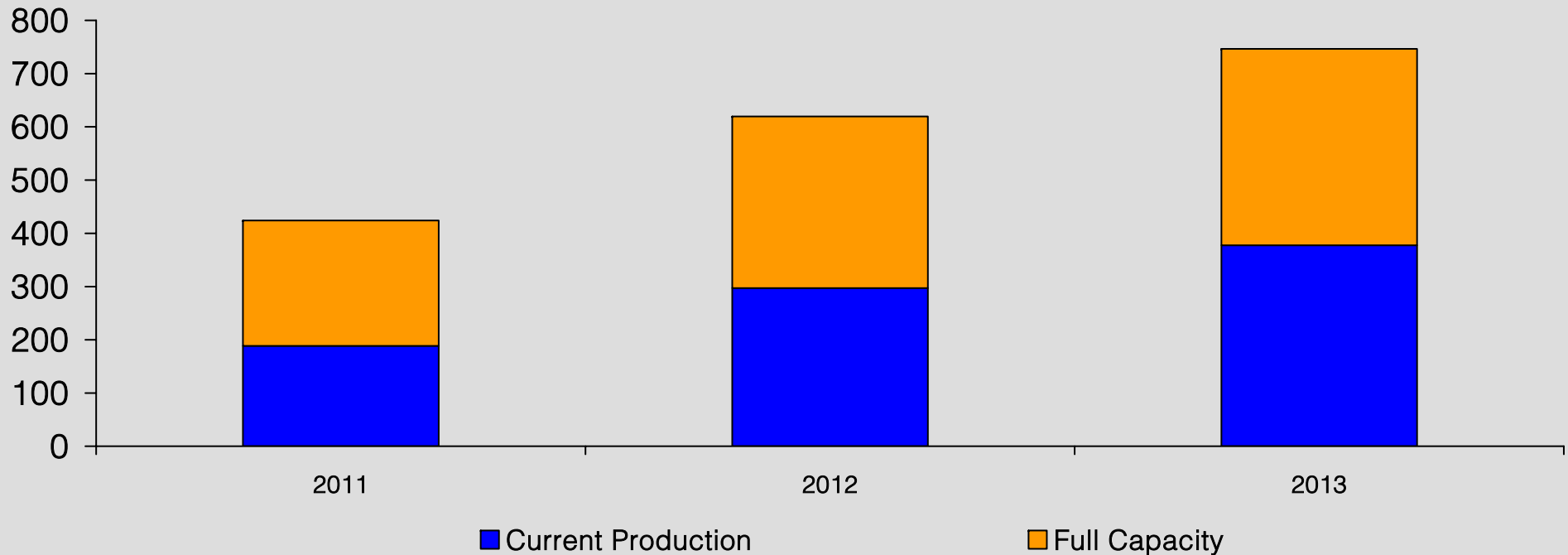


* Assumes current monthly distribution of \$0.20 continues for the remainder of 2010

Leveraged to Lumber Market Recovery

	2011	2012	2013
RISI 2x4 (CAD)	\$275	\$300	\$351

Change in EBITDA*
(in millions \$)



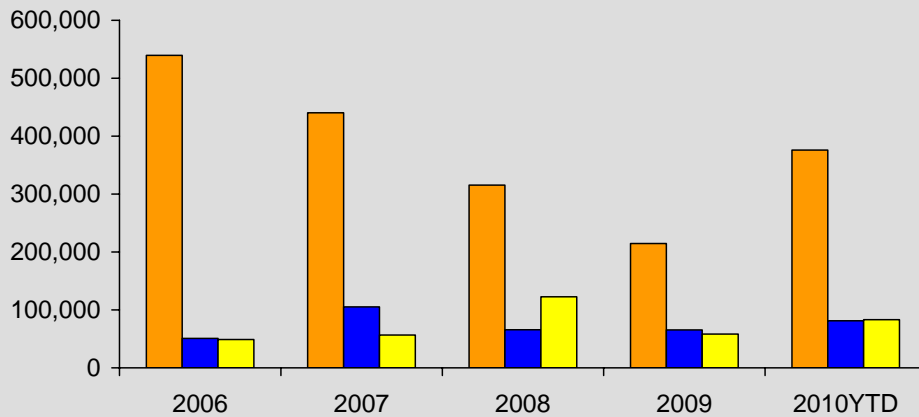
* Base year 2009



CFP Trading Liquidity

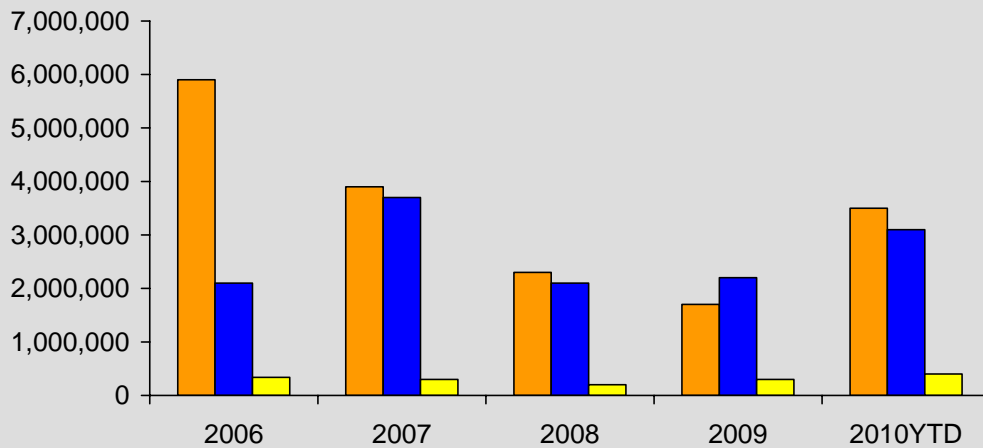
Average Daily Trading Volume

CFP WFT IFP



Average Daily Trading Value

CFP WFT IFP



Source: Bloomberg

Major Shareholders*

The Pattison Group	31%
Mackenzie Cundill	15%
Jarislowsky Fraser	15%

* As per public filings



Canfor Corporation

TSX:CFP



www.canfor.com

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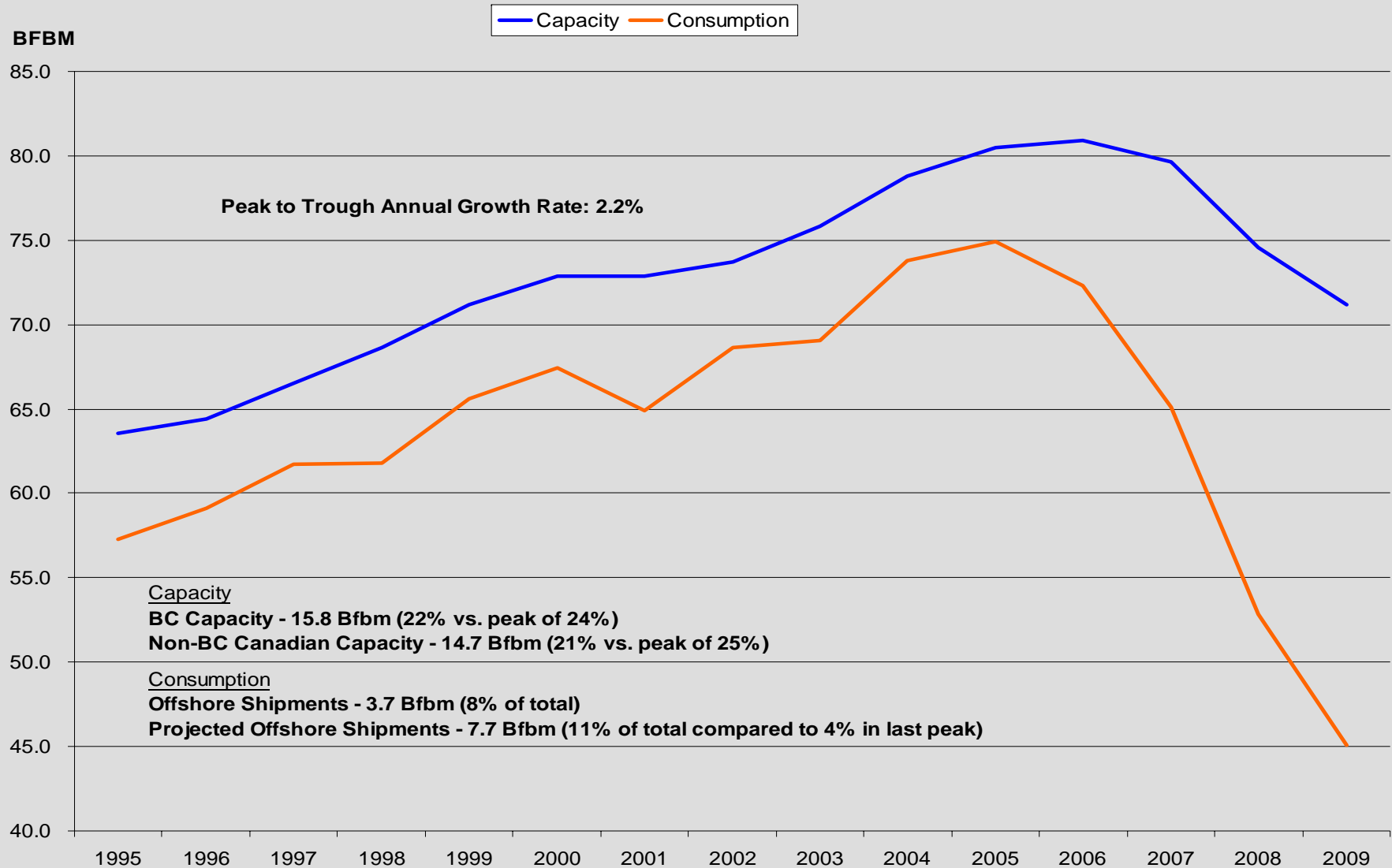
Patrick.Elliott@canfor.com



Appendix



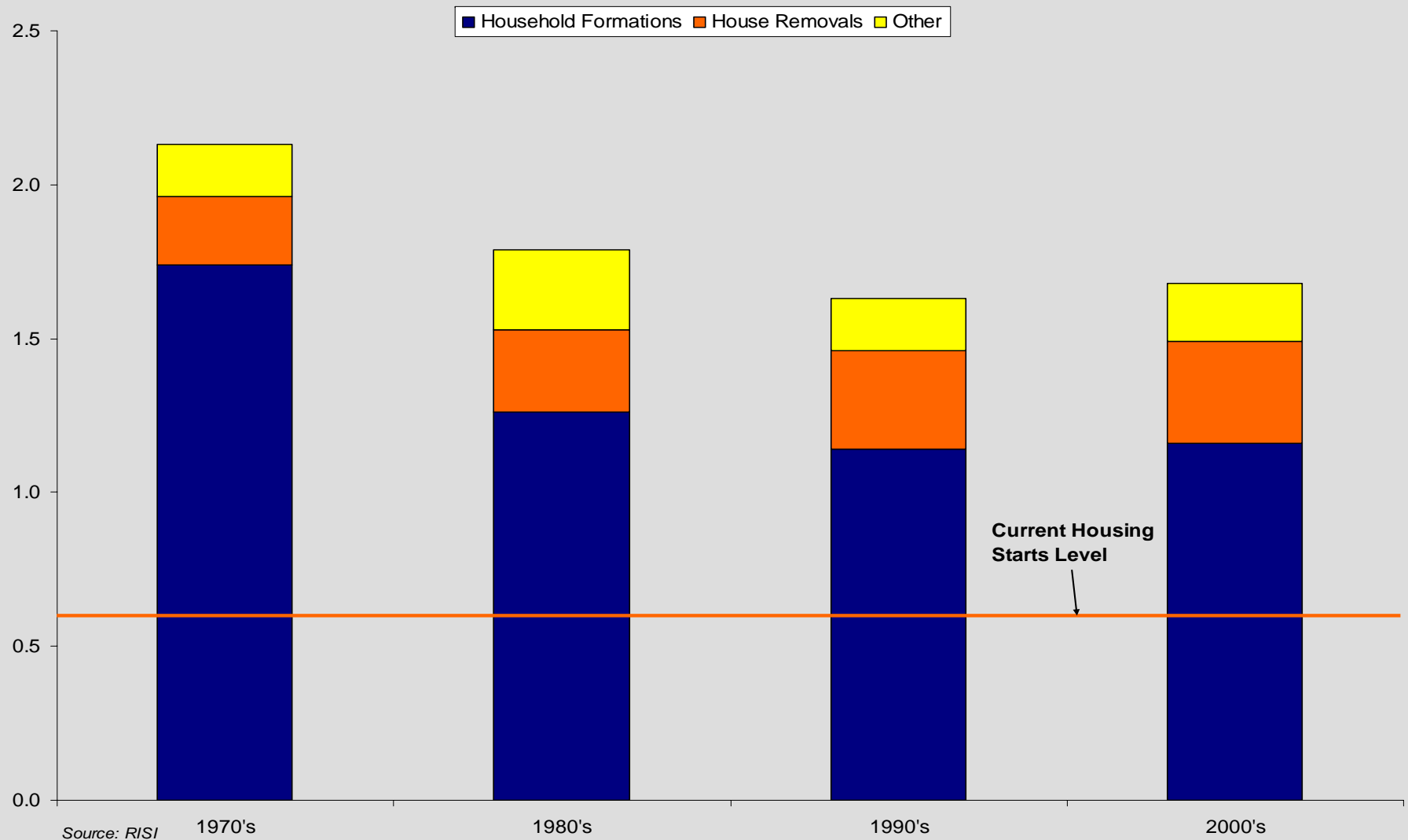
Historic North American Capacity and Consumption



Source: USDA



US Housing Starts – What is Normalized Demand?



Source: RISI

1970's

1980's

1990's

2000's



Impact of Normalized Housing Demand

	Current	Normalized	Change
Housing Starts (000's)	650	1,500	850
Square Feet per House	2,300	2,300	-
Board feet per Sq. Foot	6.35	6.35	-
Total Consumption (Bfbm)	9.5	21.9	12.4

Note: Increase to normalized level assumes all new starts are single family. At the peak another 3 Bfbm of consumption in multi-family and mobile home applications.

Capitalization and Liquidity (as at March 31, 2010)

All information below excludes CPLP

Canfor Corp. Debt		\$ Millions		Liquidity		\$ Millions	
Senior Unsecured Notes	8.03%	2011	32	Syndicated operating facility	2011	355	
Senior Unsecured Notes	6.18%	2011	50	Operating facility "A" & "B"	2011/12	49	
Senior Unsecured Notes	6.33%	2012	50	Outstanding Letters of Credit		(18)	
Senior Unsecured Notes	5.42%	2013	75	Cash balance		53	
Total			207	Net Liquidity		439	
Cash			53				
Shareholders' Equity			1,398				
Net Debt to Total Capitalization			10%				

