



*2011 Annual General Meeting*

*May 17, 2011*

# 2010 in Review

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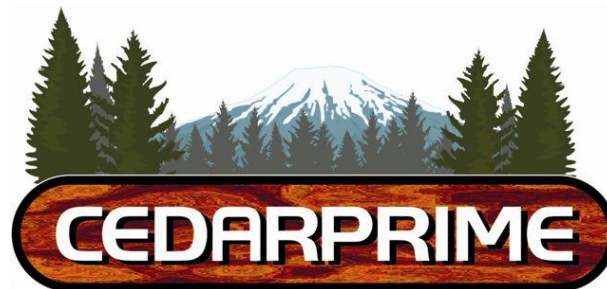
- ***Business conditions better than 2009***
- ***North American lumber consumption up 6%; Chinese market continues to grow***
- ***Lumber prices up 28% year-over-year***
- ***Production up 70% to 1.1 billion board feet***
- ***Net loss \$3.1 million or \$0.07 per share; EBITDA \$48.0 million***
- ***Cash flow \$32.0 million (before changes in working capital); \$21.0 million after working capital changes considered***
- ***Net debt \$146.7 million (30%)***

# 2010 in Review

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- ***Significant progress on “strategic initiatives” in 2010***
  - ***Strong results at Adams Lake***
  - ***Castlegar sawmill re-commissioned***
  - ***Sales to China almost quadrupled***
  - ***Weyerhaeuser timber purchase completed***
  - ***Credit agreements extended***
- ***Achievements position Interfor for long-term success***

# Identities Today



New Identity



**INTERFOR<sup>®</sup>**

## Q1 2011 in Review

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- *Market conditions have been affected by weather, ongoing issues in U.S. housing and logistics issues*
- *High log costs in PNW, weak markets for Cedar and rising C\$ add to challenges*
- *Interfor lost \$1.7 million or \$0.04 per share; EBITDA was \$12.7 million*
- *Net debt was flat at \$147 million*

# Outlook

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- *Lumber prices have fallen US\$65 – \$70 since March peak*
- *Logistics issues continue to limit offshore shipments*
- *North American market is oversupplied*
- *C\$ remains strong*
- *Matching production to demand is key*
- *Interfor will maintain strict controls on inventory and focus on strategic opportunities*

# Equity Issue

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- ***Agreed to “bought deal” equity issue on March 17<sup>th</sup>***
- ***Issued 8.2 million shares at \$7 for gross proceeds of \$57.6 million***
- ***Reduces net debt to invested capital to <20%***
- ***Provides flexibility to proceed with high return capital and other strategic opportunities***



# Closing

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***Thank you for your support***