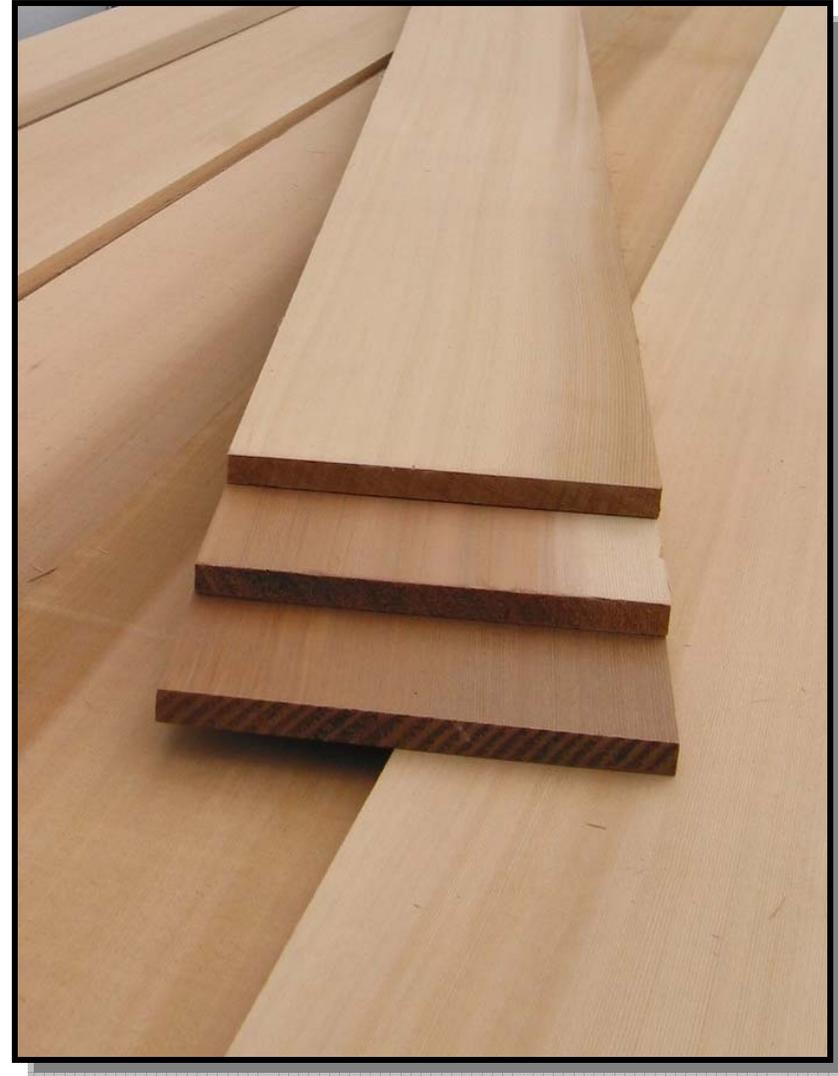




*Executing our Strategy*

*Operating a margin  
focused coastal lumber  
business of sufficient  
scale to compete in  
global softwood lumber  
markets*



***Western Forest Products – Annual General Meeting***

***May 10, 2007***



## Forward Looking Statements

This presentation includes statements that may constitute forward-looking statements or information. Forward-looking statements or information, which include all statements that are not historical facts, are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in or suggested by the forward-looking statements or information. Undue reliance should not be placed on these forward-looking statements and information, which reflect management's plans, estimates, projections and views as of the date hereof. The information contained in Western's Annual Information Form and in Western's Annual Management Discussion and Analysis identifies factors and assumptions upon which the forward-looking statements or information are based on and the risks and uncertainties that could cause actual results to differ. All written and oral forward-looking statements and information attributable to Western or persons acting on behalf of Western are expressly qualified in their entirety by the foregoing cautionary statements. Western does not expect to update forward-looking statements or information as conditions change.



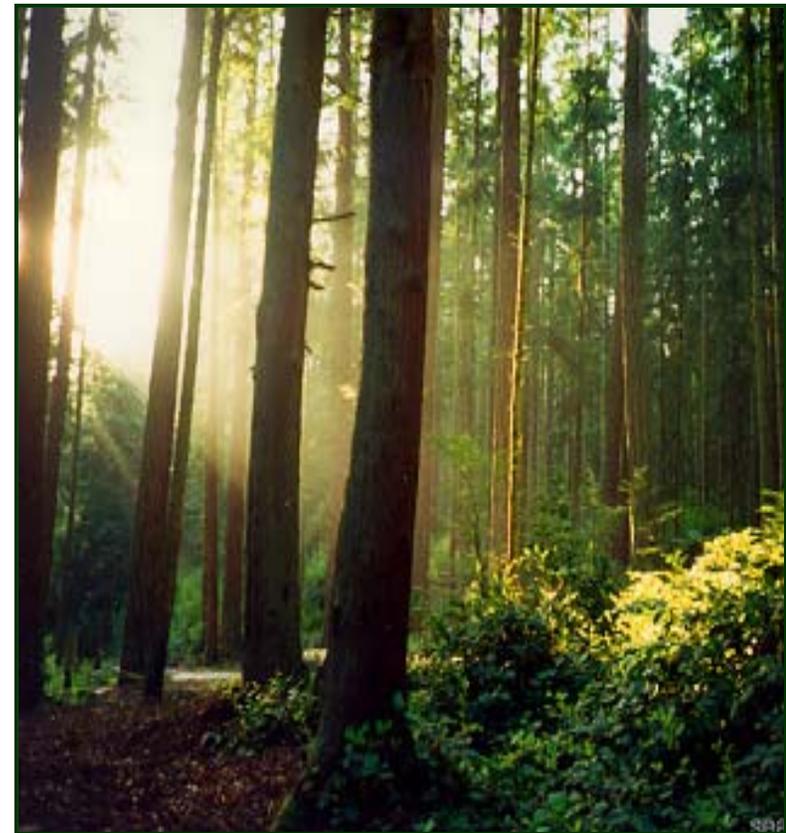
## The New WFP

**WFP is now positioned within the largest producers in North America and is the largest producer on the B.C. coast**

- Acquisition of Englewood and Cascadia assets in 2006 provided:
  - Scale to compete in global lumber market
  - Superior timber asset base – over 20% of timber is high value cedar
  - Flexible, low cost converting facilities
  - Enhanced marketing and sales expertise driving sales into global markets - reduces reliance on weakening US market

## High quality timber assets

- Favourable species mix and flexible converting facilities provide diversified product mix
  - Able to build strong market positions in niche market segments
  - Specialty products generate higher return on timber assets
- WFP's Vancouver Island and B.C. coast timberlands species are not affected by the Mountain Pine Beetle epidemic





## 2006 Achievements

### Successfully integrated Englewood and Cascadia acquisitions to create a low cost, margin focused lumber producer

✓ **Rationalized and Improved Operations**

- Consolidated offices
- Rationalized manufacturing operations
- Completed exit from pulp business
- Improved safety performance by 30% Medical Incident Rate reduction

✓ **Strengthened Management Team**

- New senior management team built since 2004

✓ **Improved Business Systems**

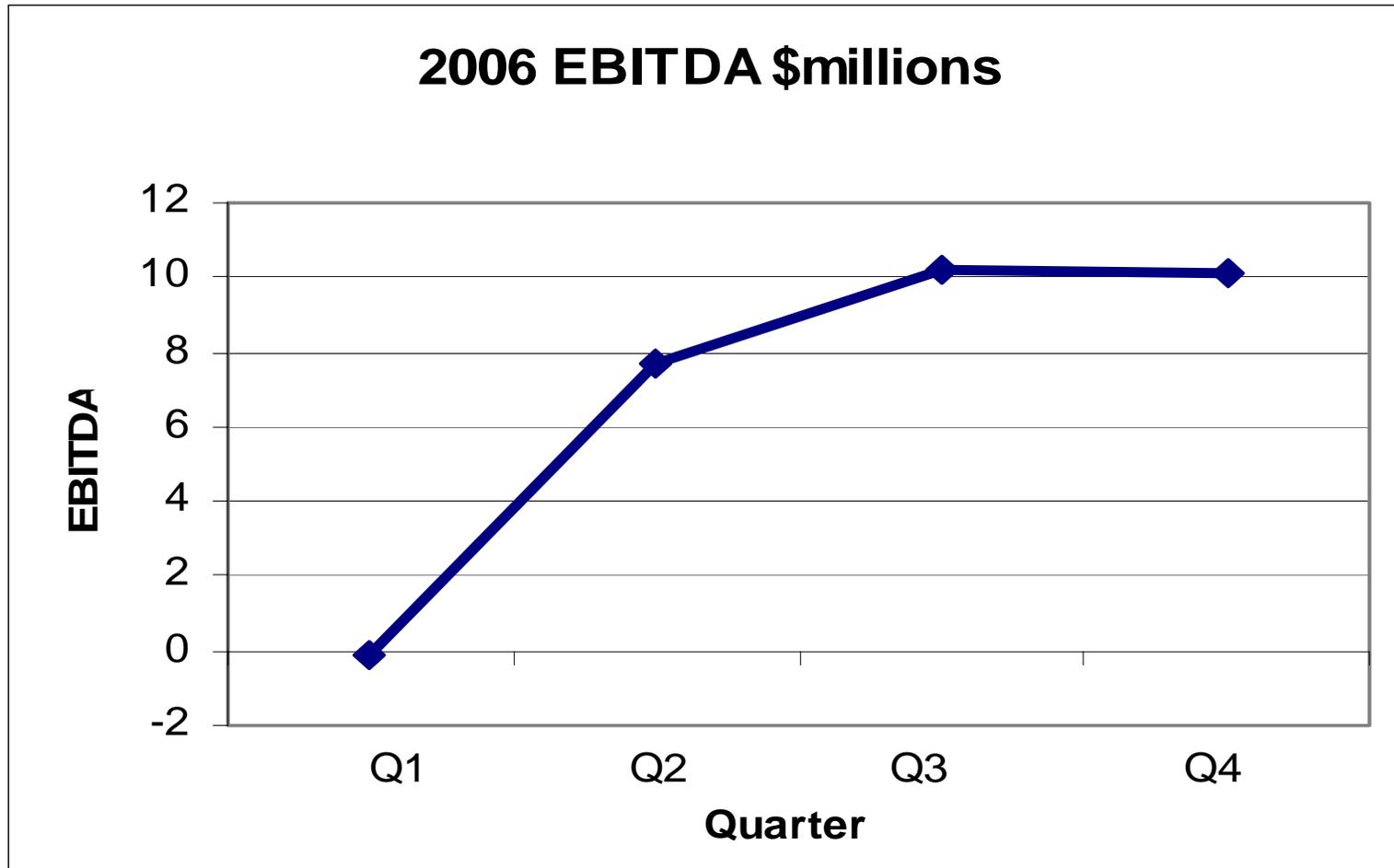
- Consolidated diverse operating systems to one uniform system
- Implemented new inventory management and costing systems for margin-focused decision making

✓ **Improved Profitability and Strengthened Balance Sheet**

- Began achieving synergies from acquisitions
- Generated substantial EBITDA improvement versus 2005
- Reduced debt from \$319M at YE 2005 to \$189M Q1 2007
- Re-negotiated debt facility to reduce financing costs



## 2006 Achievements – EBITDA



EBITDA improved through the year to a total of \$27.9\* million compared to negative \$11.6 million in 2005.

*\* Not including softwood lumber duty refund*



## 2007 Objectives

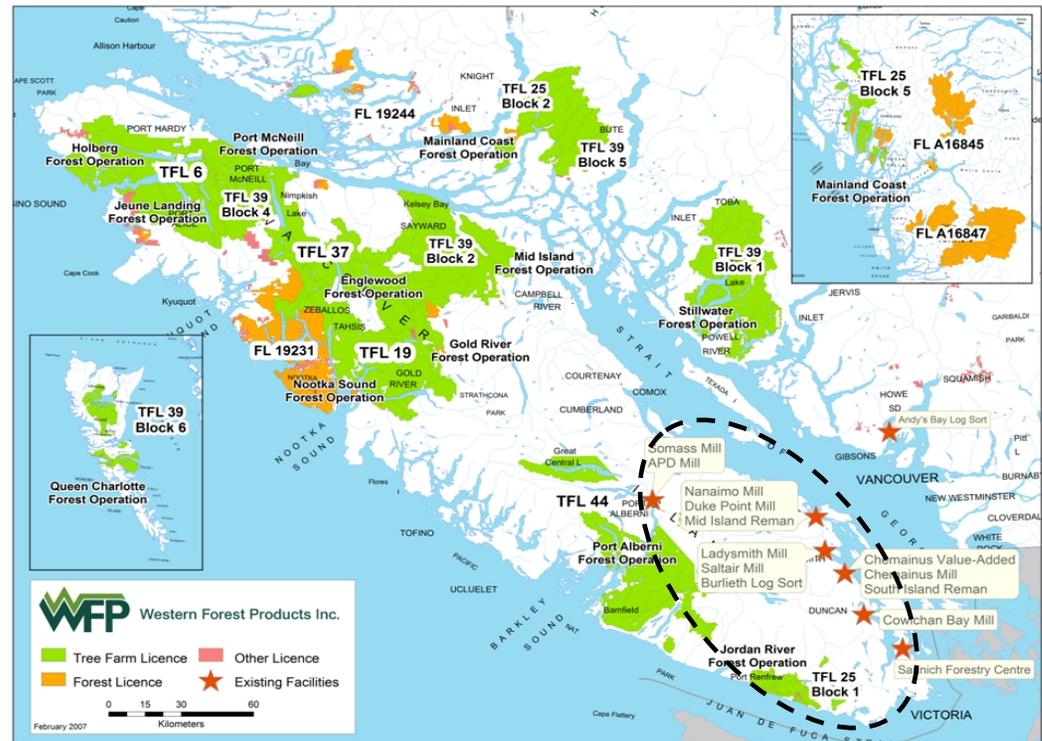
**In 2007 we will focus on:**

- **Continuing to strengthen operations**
- **Surfacing value from non-core assets**
- **Significantly reducing debt**



## Continuing to strengthen operations

- **Rationalized sawmills to reduce costs**
  - Closed New Westminster sawmill
  - Re-started Saltair sawmill
  - Completing \$13 million upgrade project at Cowichan Bay sawmill
  
- **Combined WFP, Englewood and Cascadia TFL's to lower cost of logging operations**
  - Improved log flow to sawmills and dryland sort operations
  - Working with logging contractors to further rationalize operations



Sawmill Sites

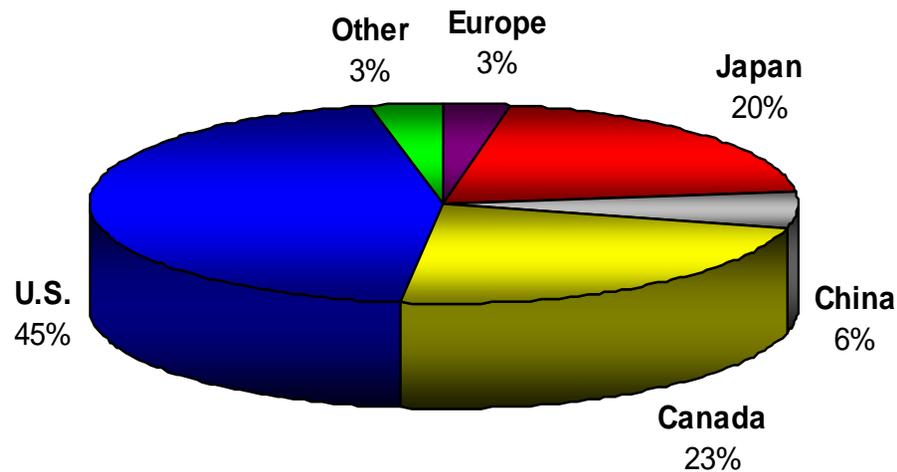


# 2007 Objectives

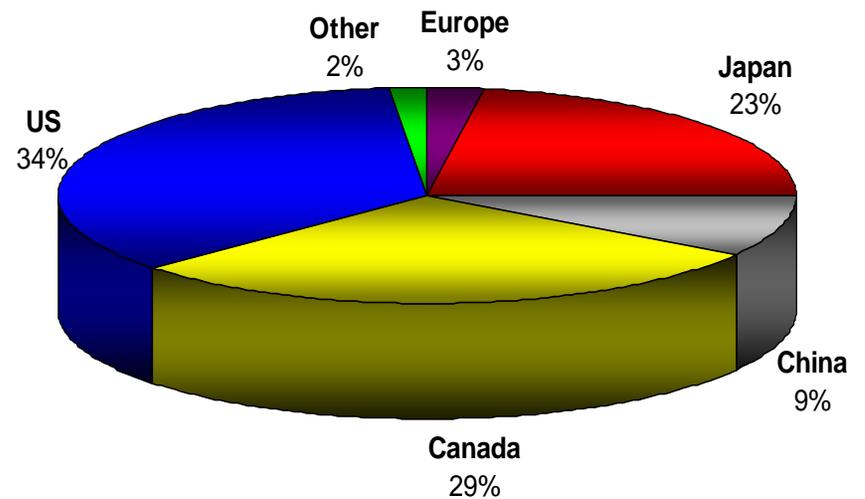
## Continuing to strengthen operations

- Able to leverage marketing expertise and broad product mix to drive volumes in other markets during the soft US construction lumber market
- Will continue to increase sales in other regions to continue driving profitability
- WFP well positioned to benefit from return of US market

2006 Total Lumber Sales by Market



2007 Total Lumber Sales by Market in Q.1





## 2007 Objectives

### Surfacing value from non-core assets

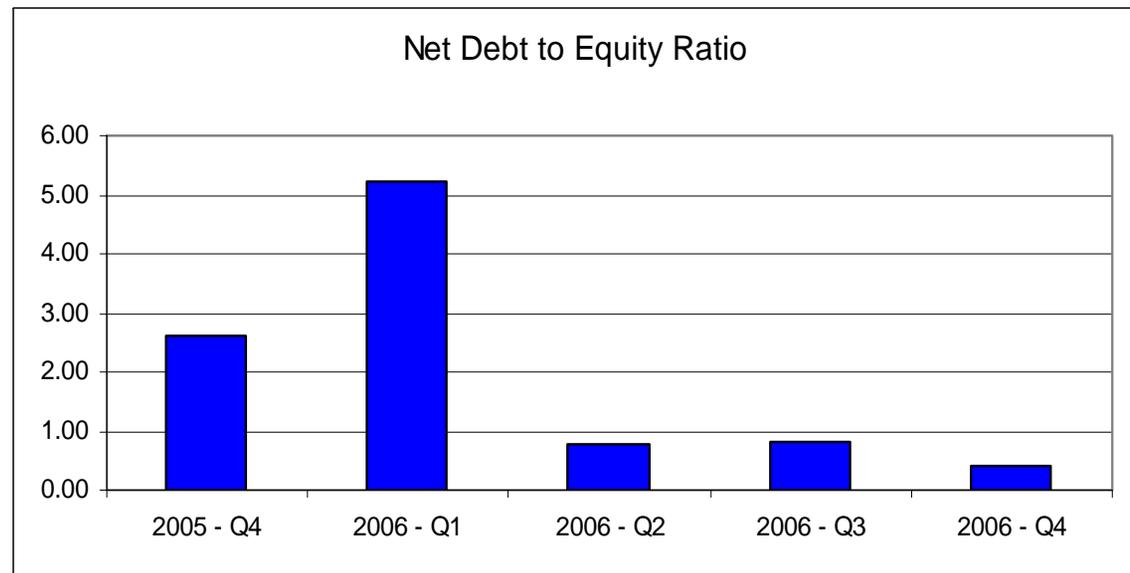
- Identified several non-core assets with substantial underlying value:
  - Higher and better use timberlands (about 4,000 hectares)
  - Squamish pulp mill site
  - Duke Point merchandiser site
  - New Westminster sawmill site
  - Port McNeil gravel lease property
  - Other small properties
- Target is to sell assets within 2 years
- Above assets do not include majority of private timberlands held by WFP
  - Recently received approval from BC government to remove private lands from the Tree Farm Licenses to gain flexibility in management and the option to sell



## 2007 Objectives

### Significantly reducing debt

- Reduced debt to \$189 million from \$319 million at December 2005 with proceeds from Softwood Lumber Duty refund
- Significantly reduced debt financing costs by re-negotiating term loan facility
- Opportunity to significantly reduce debt within 2 years through non-core asset sales and cash flow from operations.
- Strengthened balance sheet allows WFP to:
  - continue reinvesting in existing operations
  - grow the company





## Key Investment Highlights

### WFP is a compelling investment opportunity

#### Superior timber asset base

- ✓ Diversified, high quality timber assets
- ✓ Fibre basket outside of Mountain Pine Beetle affected area

#### Scale to compete globally

- ✓ Largest lumber producer on the BC coast
- ✓ Among the largest lumber producers in North America

#### Competitive operations

- ✓ Continued operational enhancements leading to improved EBITDA, even in soft US lumber market
- ✓ Further high return capital projects available

#### Marketing and sales capabilities

- ✓ Able to divert volumes into other markets during periods of weak US demand
- ✓ Substantial leverage to an improved US housing market

#### Improving balance sheet

- ✓ Substantial value in non-core assets
- ✓ Improving balance sheet, with opportunity to reduce debt significantly
- ✓ Ability to pursue further operational enhancements or growth opportunities