

# UBS Global Paper & Forest Products Conference

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Steve Rogel, Chairman, President  
and Chief Executive Officer

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and Chief Financial Officer

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# *Forward-Looking Statement*

This presentation contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Some of these forward-looking statements can be identified by the use of forward-looking terminology such as "expects," "may," "will," "believes," "should," "approximately," "anticipates," "estimates," and "plans," and the negative or other variations of those terms or comparable terminology or by discussions of strategy, plans or intentions. In particular, some of these forward-looking statements deal with expectations for third quarter 2007 regarding the company's markets, earnings and performance of the company's business segments, demand and pricing for the company's products, non-strategic land sales, product mix, increases in OCC and fiber costs, lower seasonal energy costs and scheduled annual maintenance outages, expected improvements in earnings in CBPR in 2008, and related matters. The accuracy of such statements is subject to a number of risks, uncertainties and assumptions that may cause actual results to differ materially from those projected, including, but not limited to:

- The effect of general economic conditions, including the level of interest rates and housing starts;
- Market demand for the company's products, which may be tied to the relative strength of various U.S. business segments;
- Energy prices;
- Raw material prices;
- Chemical prices;
- Performance of the company's manufacturing operations including unexpected maintenance requirements;
- The successful execution of internal performance plans;
- The level of competition from domestic and foreign producers;
- The effect of forestry, land use, environmental and other governmental regulations, and changes in accounting regulations;
- The effect of weather;
- The risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- Transportation costs;
- Legal proceedings;
- The effect of timing of retirements and changes in the market price of company stock on charges for stock-based compensation; and
- Performance of pension fund investments and related derivatives.

The company is also a large exporter and is affected by changes in economic activity in Europe and Asia, particularly Japan, and by changes in currency exchange rates, particularly the relative value of the U.S. dollar to the Euro and the Canadian dollar, and restrictions on international trade or tariffs imposed on imports. These and other factors could cause or contribute to actual results differing materially from such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will occur, or if any of them occurs, what effect they will have on the company's results of operations or financial condition. The company expressly declines any obligation to publicly revise any forward-looking statements that have been made to reflect the occurrence of events after the date of this presentation.





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for Shareholders**



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# *Strategic Direction*

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- Timberlands – Extracting more value from the acre
- iLevel and WRECO – Positioning for growth as conditions improve
- Cellulose Fibers – Focusing on high-performance absorbent and carrier fibers
- Containerboard, Packaging and Recycling – Improving performance and evaluating strategic alternatives
- South America – Investing for growth in Timberlands, Wood Products

## Timberlands

# *Generating Industry Leading Returns*

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- Capturing value from research and development
- Sustainable and innovative silvicultural practices
- Operational excellence
  - Efficiencies of large-scale, contiguous ownership
  - Log allocation to the highest-return market
- Extracting full value potential from each acre
- Optimizing timberlands portfolio







## *Leader in the Residential Structural Frame Market*

- Strong position in each of our major product categories
  - Leading producer of solid wood products and panels
  - Largest engineered wood products producer
  - Distribution footprint in major North American markets
  - Most recognized and trusted product brands
- Marketing to builder, selling to channel
- Balancing supply with demand

**iLevel SERVICES**  
integrated building resources

**iLevel LUMBER**  
premium structural products

**iLevel TRUS JOIST**  
engineered lumber products

**iLevel STRUCTURWOOD**  
engineered wood panels

# WRECO

## *Delivering Value in a Challenged Housing Market*

- Local value propositions
  - Select markets
  - High growth potential
- Experienced management teams
- Strategic management of the land pipeline
- Strong financial returns



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## Cellulose Fibers

# *Strong Returns from Value-Added Products*

- Building on competitive advantage in high-performance fibers through proprietary technology
  - Absorbent products
  - Carrier fiber for premium towel and tissue
- Operational excellence
  - Enhancing manufacturing efficiency
  - Reducing costs





# Containerboard, Packaging and Recycling *Accelerating Business Model Gains*


- Focusing on sales margin improvement
- Reducing manufacturing costs
- Improving logistics
- Evaluating broad range of strategic alternatives
  - Hold and optimize
  - Sell / Divest
  - Other combination



# *Financial Priorities*

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- Disciplined capital spending
- Dividends
  - Increased the quarterly dividend from 40¢ to 60¢ per share since 2005
- Share repurchases
  - 25 million shares retired through the Domtar transaction
  - 18 million share repurchase authorization
- Maintain appropriate capital structure

An aerial photograph of a dense forest with a mix of green and yellow trees. A semi-transparent blue rectangular box is overlaid in the center, containing yellow text. The text is arranged in four lines, centered within the box. The background shows a vast expanse of trees, with some areas appearing more vibrant green and others showing signs of autumn with yellow and brown tones.

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