



Positioned for Success

CIBC Institutional Investor Conference
Whistler, BC

Duncan Davies
President and CEO

January 21, 2010

Forward-Looking Statements

Information contained herein constitutes forward-looking statements. Forward-looking statements, 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. See additional risks described in the Company's MD&A under "Risks and Uncertainties" in the Company's 2008 Annual Report, which is incorporated by reference. All forward-looking statements made are qualified by these cautionary statements.

Participants should not place undue reliance on the forward-looking statements, which reflect Management's plans, estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

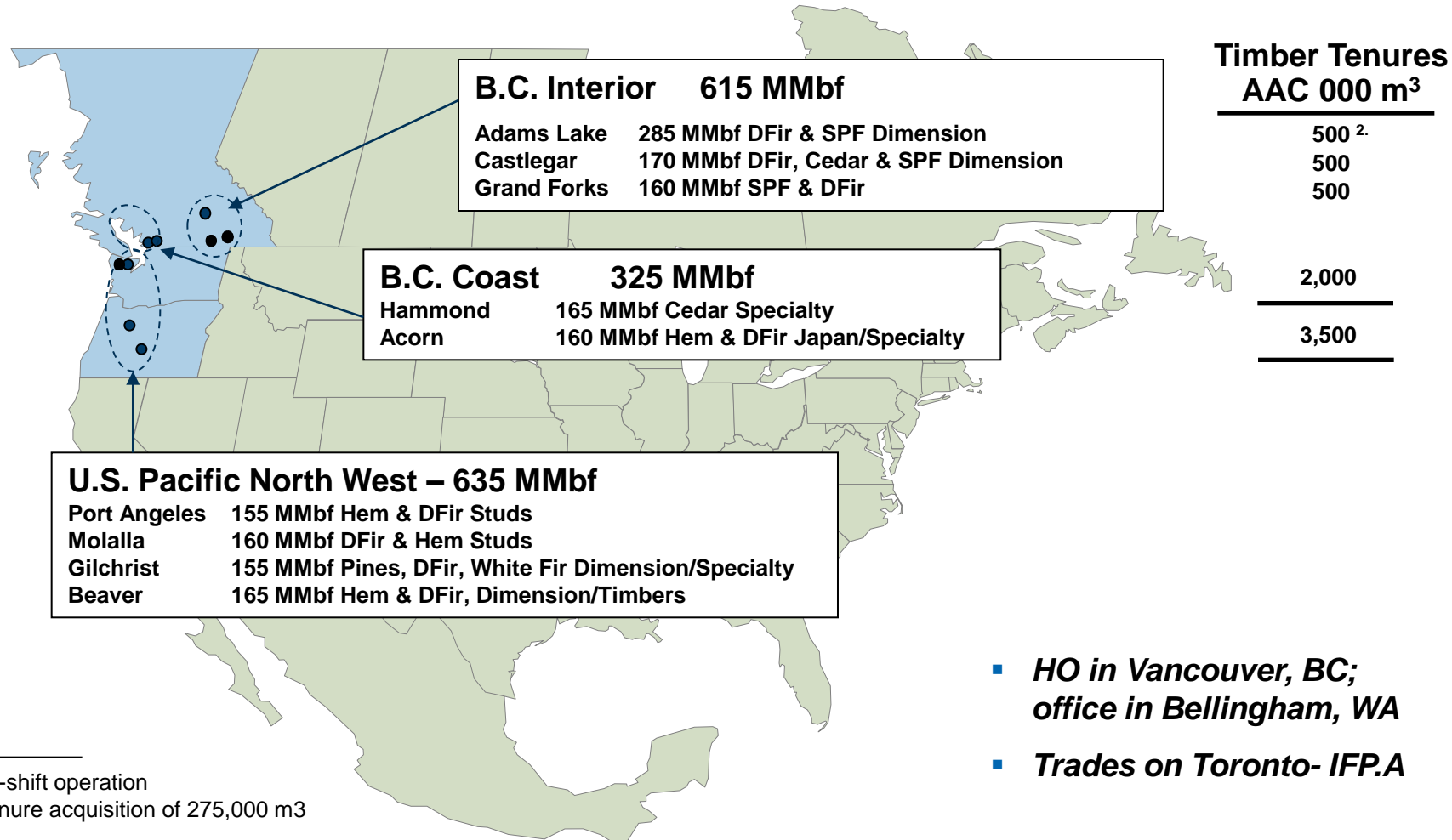
Section 1

Introduction

Why Interfor?

- *Clear vision and strategy*
- *Strong lumber EBITDA margins relative to peers*
- *Proven track record of acquiring and turning around businesses*
- *Strong balance sheet*
- *Significantly undervalued*
- *Well-positioned to capitalize on market recovery*

Regions and Operations: 1,575 MMbf Lumber Capacity¹.



- HO in Vancouver, BC; office in Bellingham, WA
- Trades on Toronto- IFP.A

¹. Based on 2-shift operation
². Post WY tenure acquisition of 275,000 m³

Interfor has a diversified base of operations with lumber capacity of 1,575 MMbf



Deliver Above Average Returns on Invested Capital

Housing Outlook

The U.S. Housing Market is beginning to recover

The good news...

- ***Housing starts are up 20% from the bottom***
- ***The pace of housing sales has improved 40% since early 2009***
- ***The inventory of unsold homes has dropped 24% since mid-2008***
- ***Supply is in the 7 months range, well off the peak of 11 months***
- ***Home prices have started to move higher ¹.***
- ***Affordability remains at high levels***

The uncertainty...

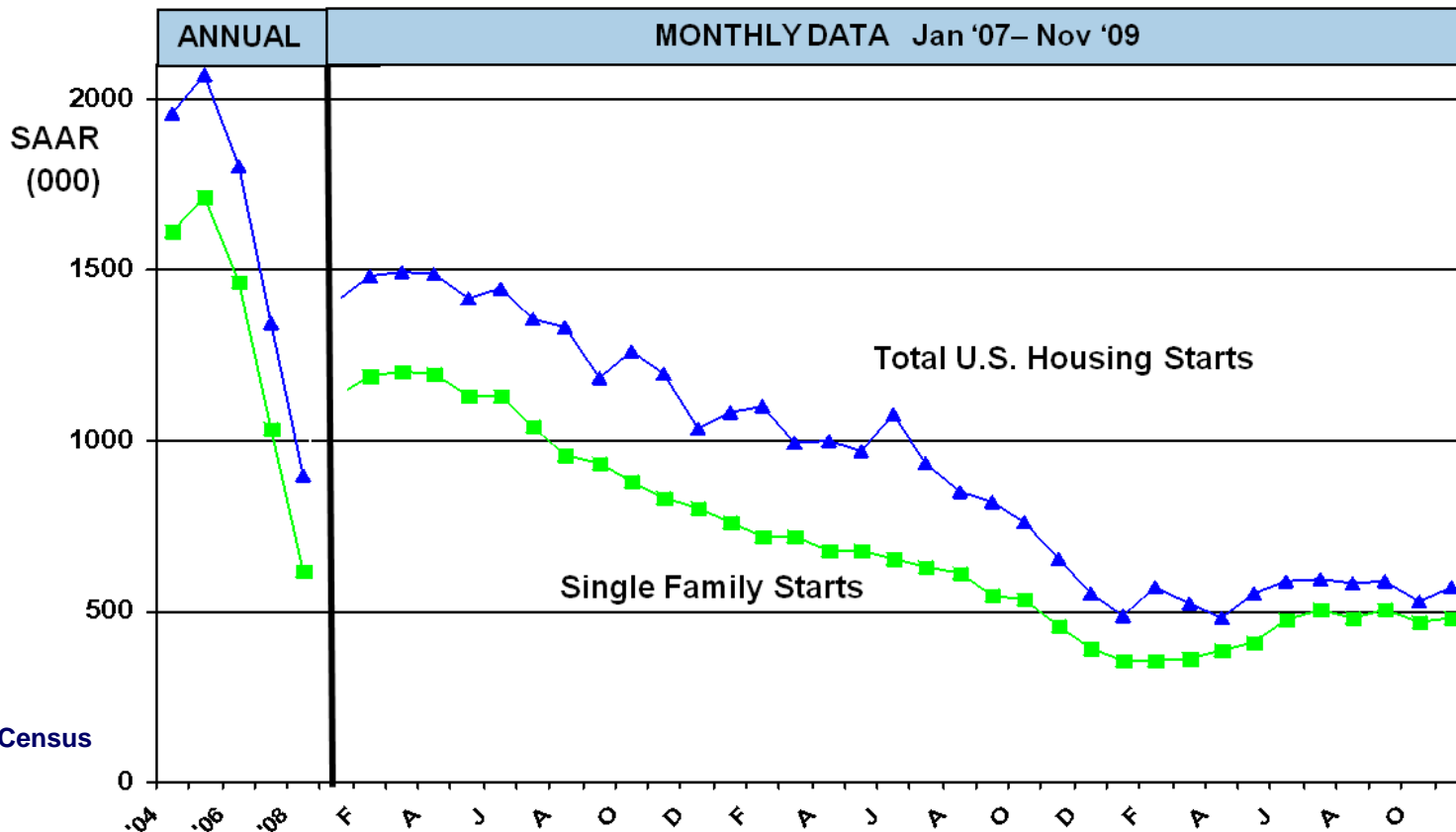
- ***A significant “Shadow Supply” of housing inventory remains***
- ***High unemployment and tight credit continue to constrain demand***

Evidence of a housing recovery is clear, but the speed of recovery remains uncertain

¹ Standard and Poors Case Shiller Index,

U.S. Housing Starts

- **New house construction is the largest driver of lumber consumption in the U.S.**
- **Starts peaked at 2.1 million units in 2005 and dropped to 480,000 units in early 2009**
- **Starts are currently in the 570,000 unit range**



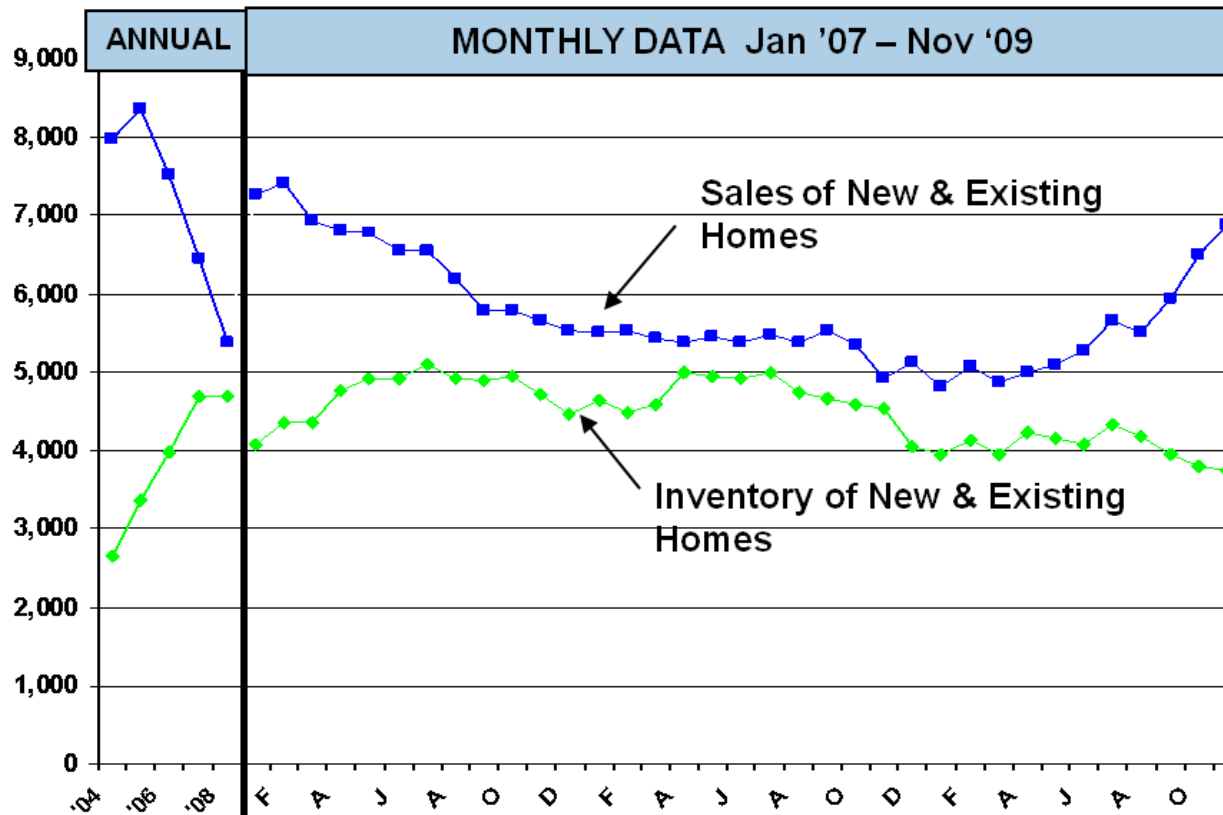
Source: U.S. Census



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Sales and Inventories of New and Existing Homes

- Sales of new and existing homes have been increasing since early 2009 and are running at a pace of almost 7 million units (SAAR)
- The inventory of unsold homes peaked in mid-2008 and has since dropped by 24%



Source: NAR (National Association of Realtors) December 22 for existing homes; U.S. Census Bureau December 23 for new homes

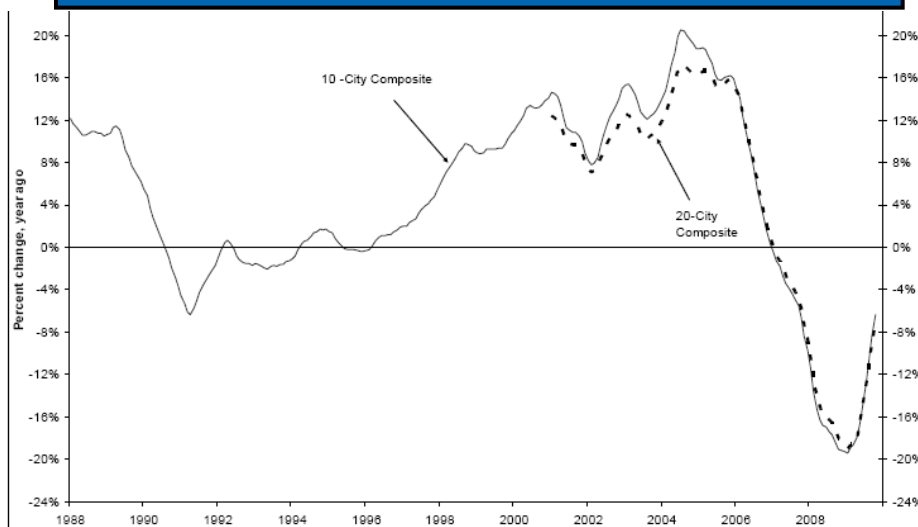


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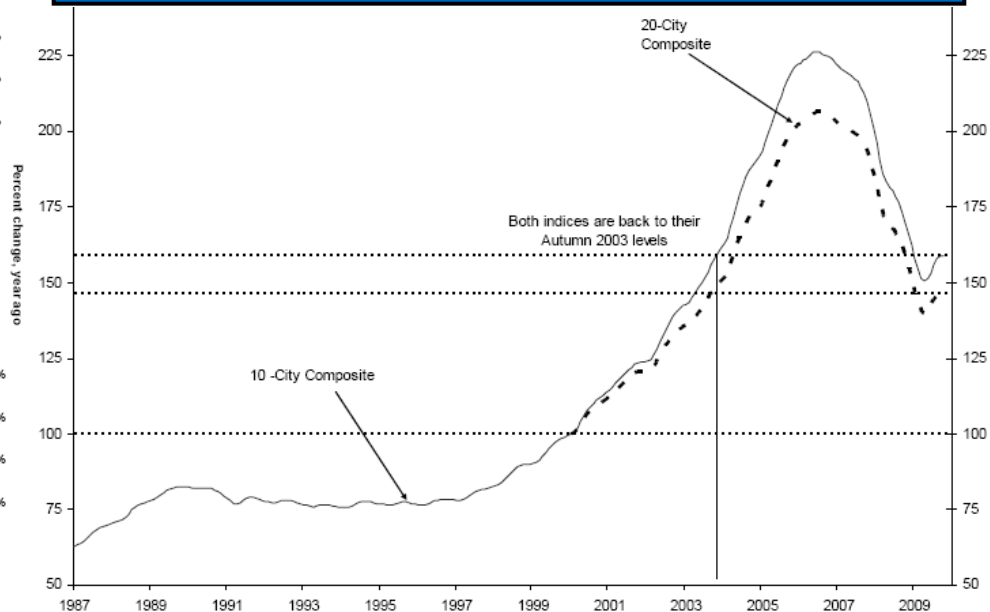
U.S. Home Price Trend

- **Housing prices month-over-month increased 5 consecutive months to September and were flat in October**
- **The 10 and 20 city indices are currently back to fall 2003 levels**

Home Price Index Year/Year Percent Change



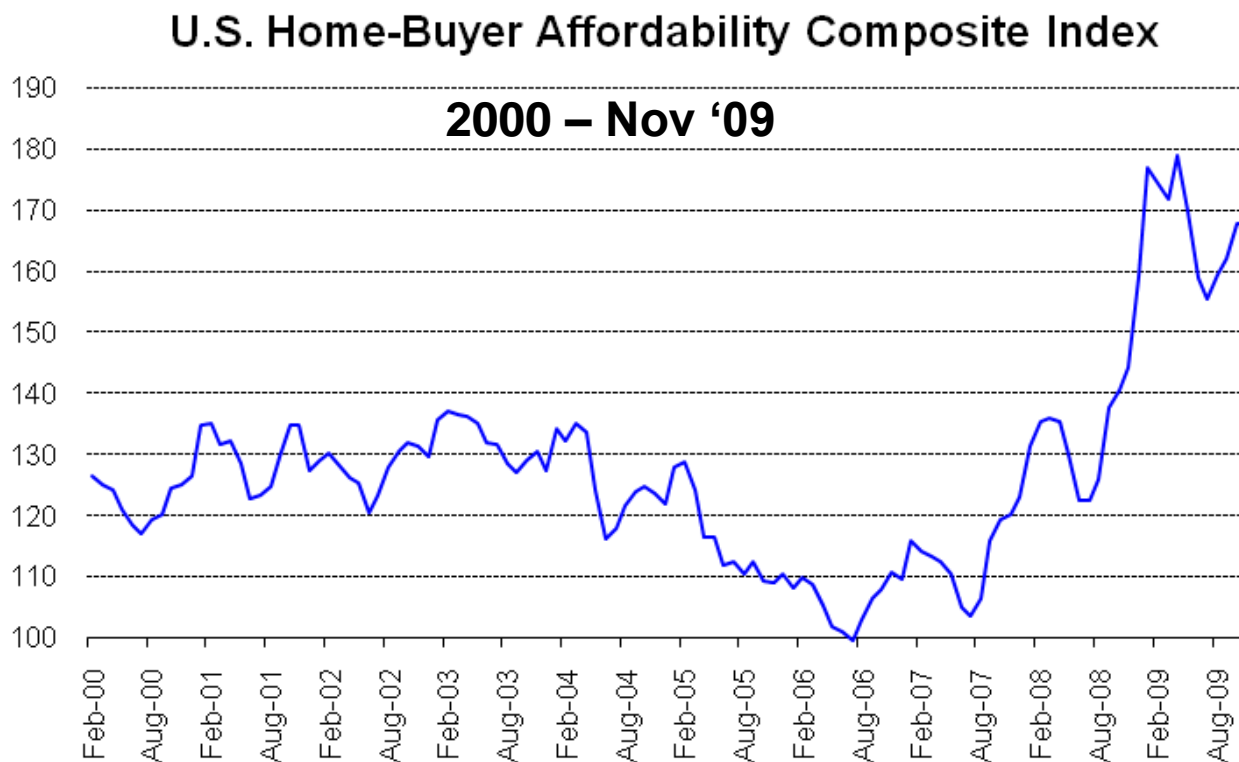
Home Price Index: base value of 100 Jan, '00



Source: Standard & Poors, December 29, 2009

U.S. Home Affordability

- Affordability rose to record highs early in the year driven by low interest rates and declining home prices; the index declined in mid-year as mortgage rates increased and the recession impacted unemployment and disposable income. Mortgage rates have dropped by 47 bp since June, driving the index back up to 168**



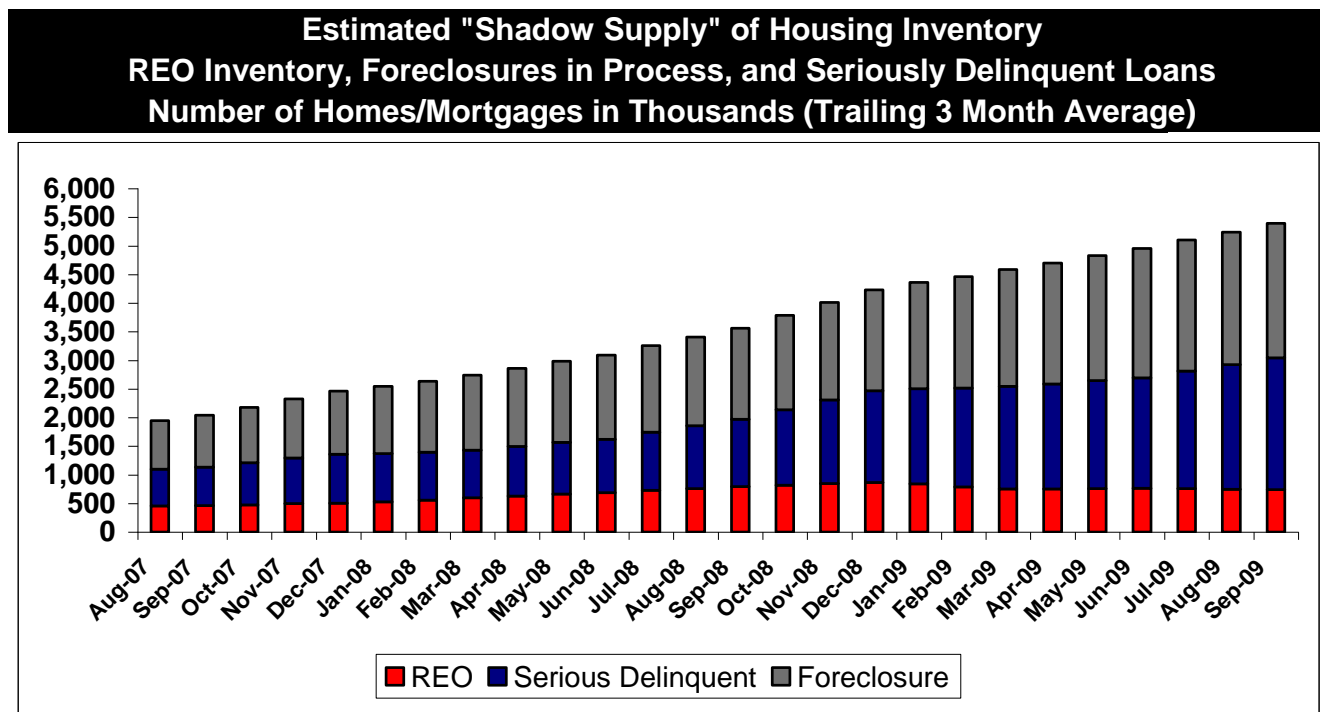
Source: RBC, National Association of Realtors



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Uncertainty Around the U.S. Housing Recovery

- The estimated “Shadow Supply” of housing inventory (distressed homes) increased from 1.8 million in August ‘07 to 5.4 million by September ‘09 ¹**
Additional mortgages (ALT A, Option ARM) will reset in the next 12-18 months



Source: Mortgage Bankers Association, Hope Now, RealtyTrac, Raymond James & Associates, Inc

¹ Raymond James January 8, 2010; “existing and new home inventories” as reported by NAR

- The Shadow Supply will need to be worked off before the housing market can return to normal**

U.S. Housing Start Outlook

- The average of U.S. 2010 housing forecasts in the table below is 752,000 starts, a 33% increase over 2009

	2009E Single-Family	2009E Multi-Family	2009E Total	2009E/ 2008	2010E Total	2010E/ 2009E
National Association of Realtors	440	117	557	-38%	804	44%
National Association of Home Builders	445	119	564	-37%	716	27%
Mortgage Bankers Association	449	125	574	-36%	750	31%
RISI	n/a	n/a	570		890	
Freddie Mac	n/a	n/a	570	-58%	800	40%
Average	442	120	567	-37%	752	33%
RBC Economics			562	-38%	651	16%
RBC Forest Products			625	-31%	850	36%

Source: RBC Forest Products, November, 2009

Raymond James	445	100	545		675	24%
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Source: Raymond James January 2010



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Section 3

Industry Developments

Lumber Supply / Demand Balance

Recent History

- *Producers were slow to adjust to declining demand, leading to a collapse of prices in late '08, early '09*
- *Production curtailments in 2009 have rebalanced supply and demand*
- *Prices are up 30% year-over-year December; the best producers were cash positive in the 2nd half of '09*

Mid / Longer Term Outlook

- *Capacity is down 13Bbf or 16% from 82 Bbf in 2005 to 69 Bbf in 2009 ¹.*
- *AAC reductions and industry rationalization will limit E.Canada supply*
- *The MPB will reduce B.C.'s Interior production*
- *Growth in offshore markets (China) will take incremental supply out of NA*

¹ Raymond James Oct '09 Interfor Housing Report

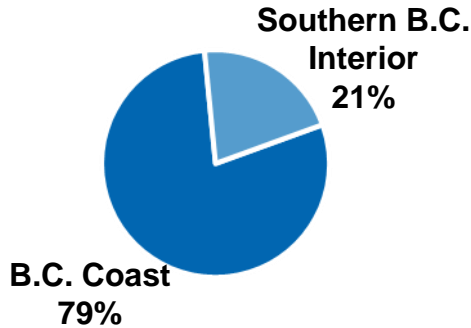
Producer discipline is key to pricing; long term supply / demand balance is favourable

Section 4

Positioned for Success

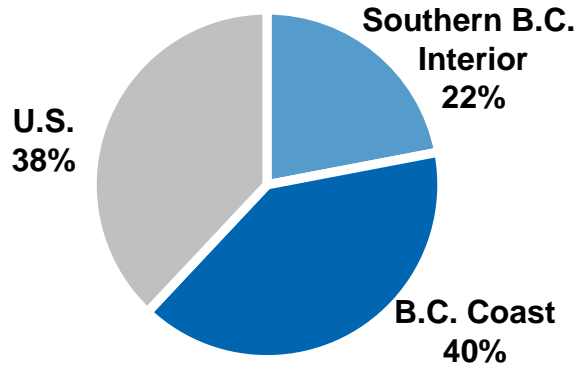
Transformation of Interfor's Operating Platform

2002



Production Capacity
772 MMbf

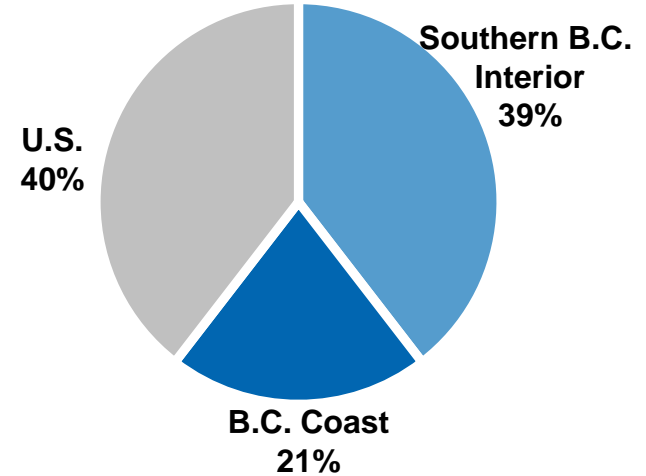
2007



Production Capacity
1,345 MMbf

*Including Crown Pacific and
Floragon sawmills*

2009



Production Capacity
1,575 MMbf

*Including Pope & Talbot and
Portac sawmills*

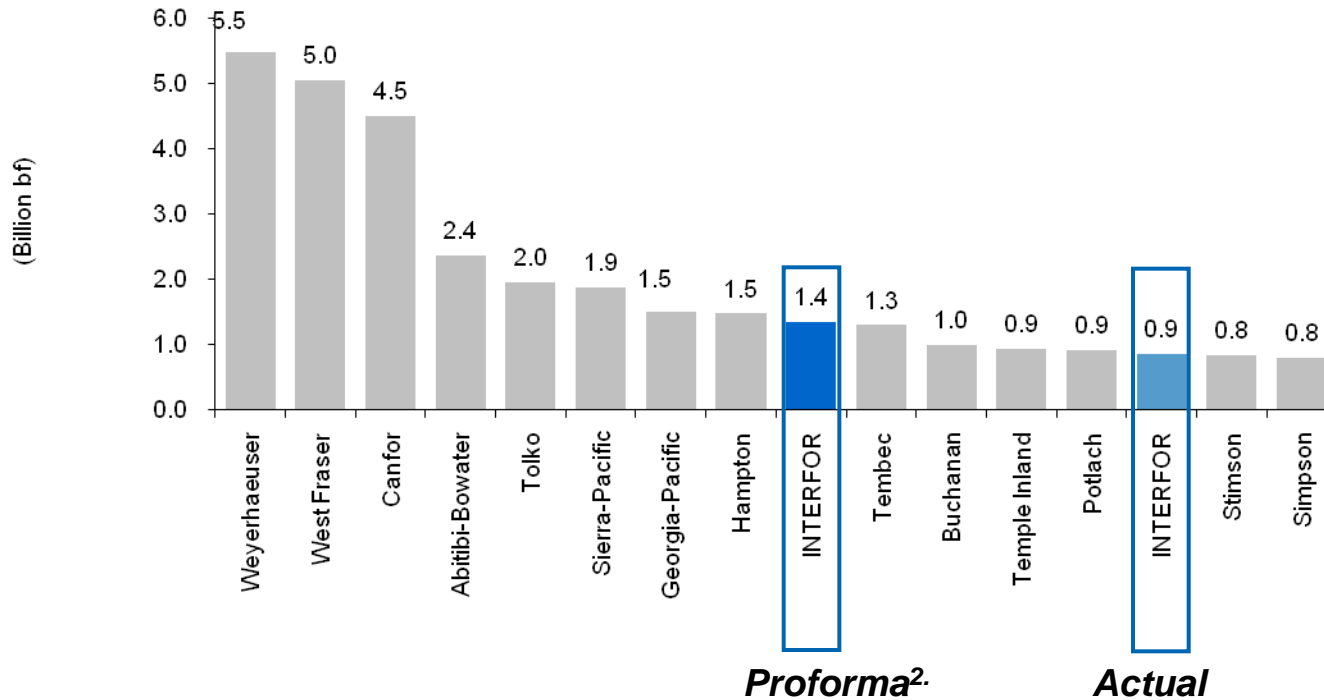
**Over the last 7 years, Interfor has doubled its capacity,
rationalized its operations and diversified its revenue base**



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Relative Position in North America's Lumber Industry

North America's Largest Lumber Producers in 2007¹. (billion bf)



Source: Wood Markets monthly – March 2008

¹ 2007 was used since the 2008 NA industry production was impacted by the severe economic downturn

² Pro forma excludes Interfor's Queensboro production and includes the Pope & Talbot and Portac acquisitions

Interfor became the 9th largest lumber producer in North America (proforma)

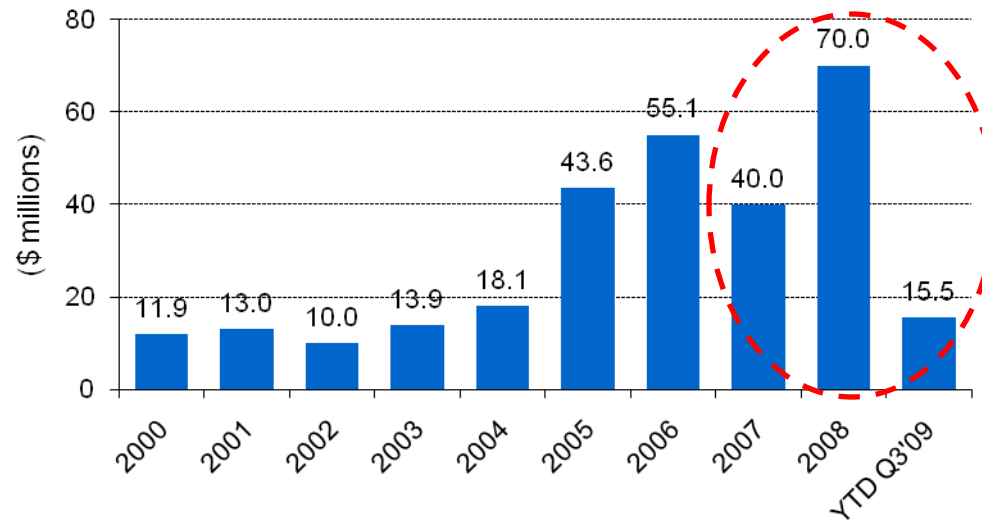


Deliver Superior Returns on Invested Capital

Investing in Core Assets

- Interfor has spent \$225 million over the last five years to upgrade its assets. Major projects have been completed at Molalla, Port Angeles and Adams Lake

Discretionary Capex (excluding acquisitions)



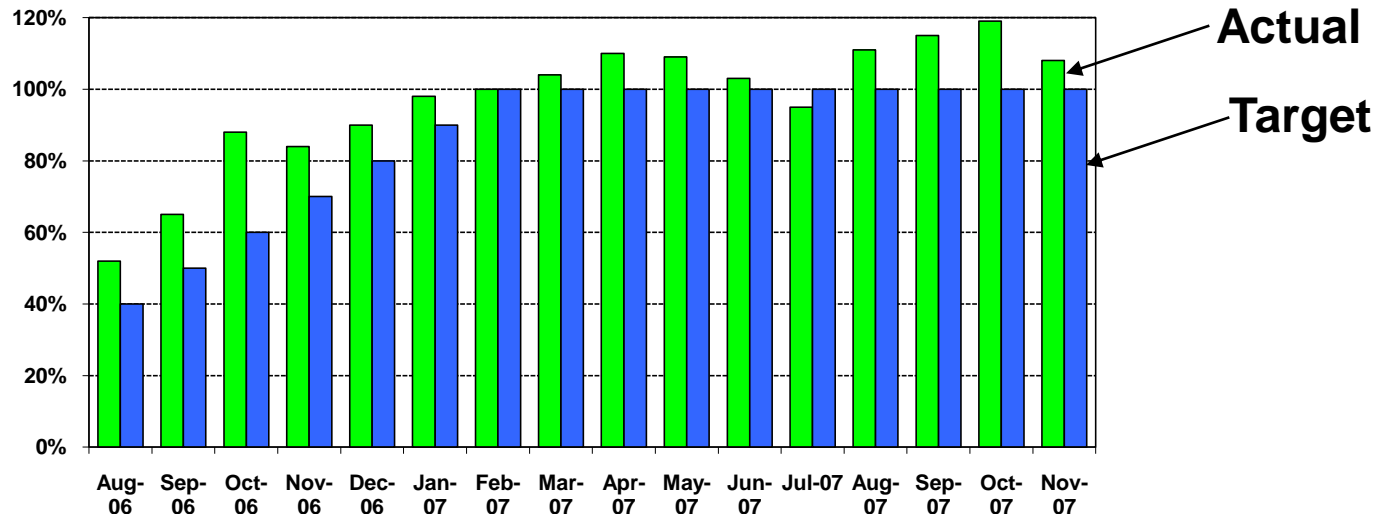
\$100 million investment in a new sawmill at Adams Lake, completed April '09

In addition, Interfor spends \$20 - \$30 million per year to maintain the efficiency of operations and on logging roads

Interfor has positioned its mills to achieve top quartile (decile) performance

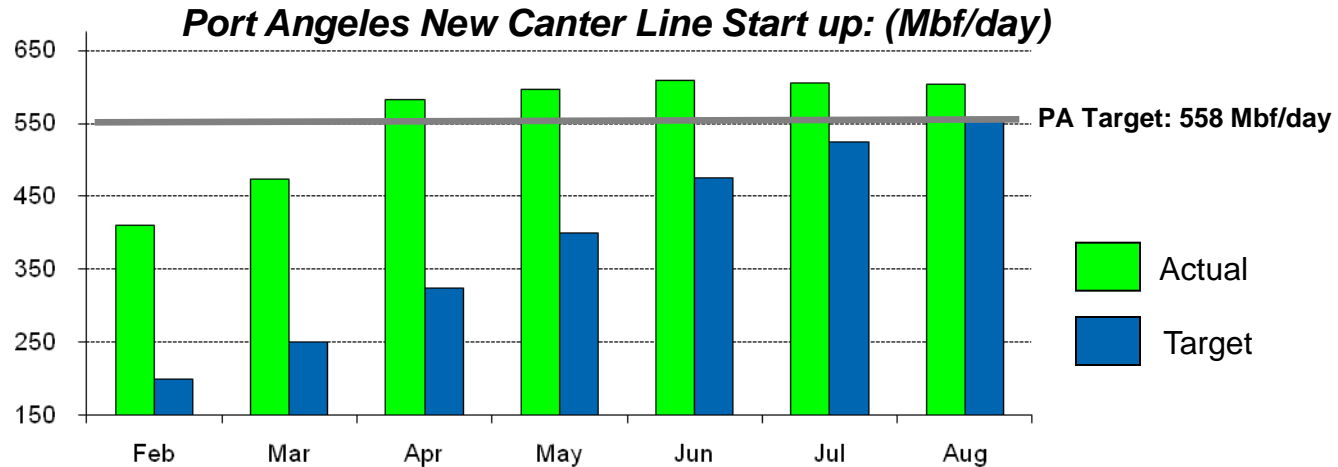
Investment in Core Assets – Molalla, Oregon

- *Molalla's new high speed planer is one of the most efficient single line stud planers in North America. The planer start-up was excellent*



Investment in Core Assets – Port Angeles

- Port Angeles new primary breakdown line exceeded target proforma in the 3rd month



Wave Log Feeders and Full Line



Double Length Infeed Canter Line



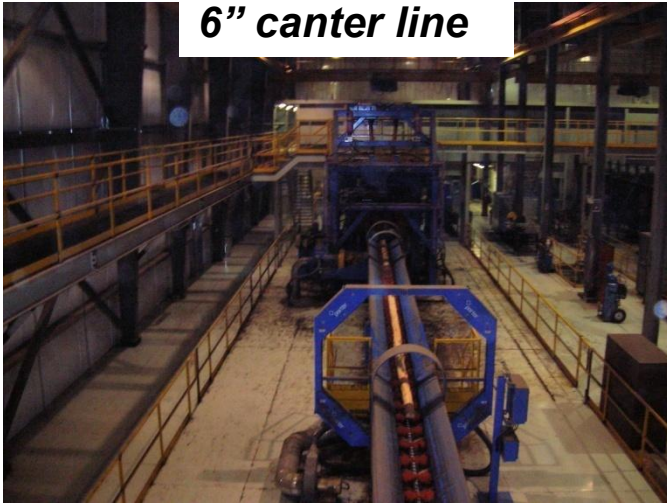
Investment in Core Assets – Adams Lake

- *New Wood Waste Energy System replaced a liquid natural gas system*



The New Adams Lake Sawmill started on-time and on-budget

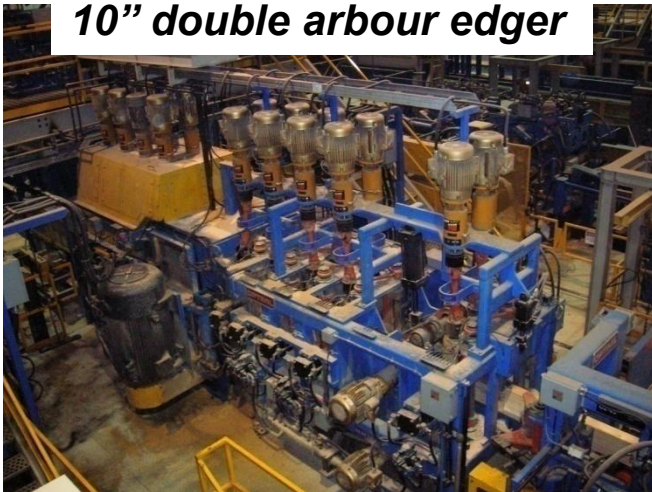
6" canter line



Outflow from edger



10" double arbour edger



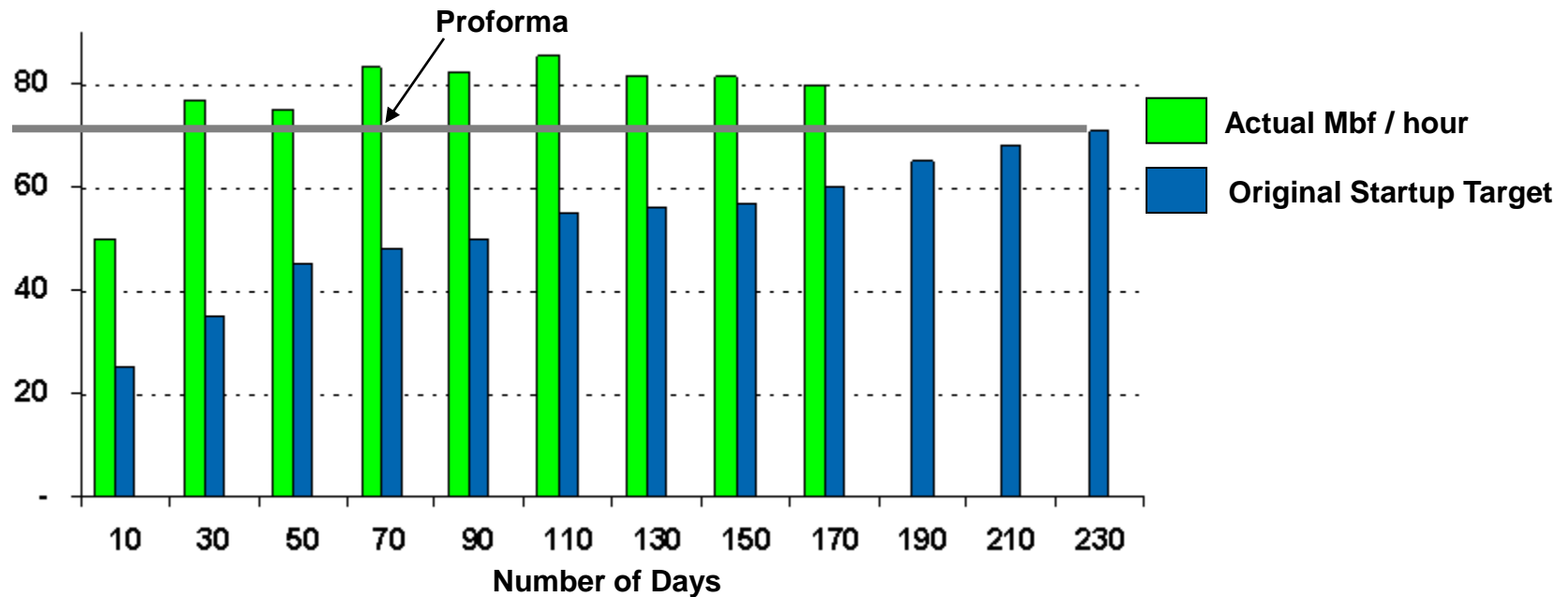
Trimmer infeed



New Adams Lake Sawmill – Startup

- *The startup at Adams Lake has been highly successful; the mill is currently running at 10-15% above proforma*

Adams Lake Sawmill Startup (Mbf / hour)



Adams Lake exceeded proforma on its 17th shift

Acquisition of Weyerhaeuser's Tenure

- *Interfor is in the process of acquiring a portion of Weyerhaeuser's (WY) timber tenure located in Adams Lake's timber basket*
- *AAC of approximately 275,000 m3*
- *Increases Adams Lake's tenured wood supply to ~80% for the next 10 years and >50% long term*
- *Expected to close late Q1'10 [Terms not disclosed]*

Acquisition of the Weyerhaeuser tenure strengthens Adams Lake's long-term timber supply and competitive position

Growing in Regions with Attractive Fundamentals - 2008

Portac (Olympic Peninsula, WA), September 2008

- ***Annual capacity: 165 MMbf***
- ***Purchase price of US\$29 million (plus inventories) is equivalent to 1.7 X 2004/5 peak EBITDA***
- ***Significant synergies have been achieved with Interfor's Port Angeles mill (45 miles east)***

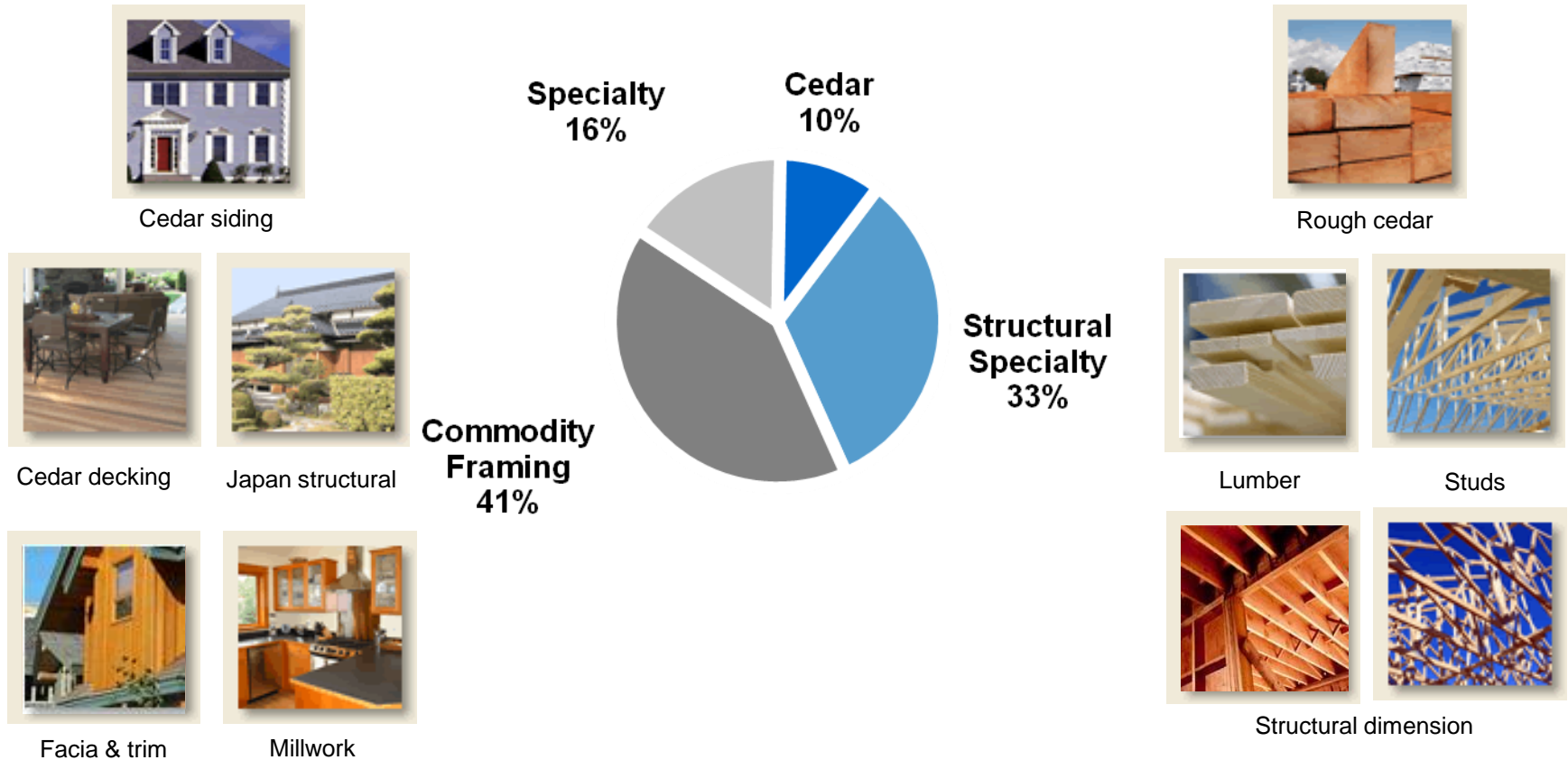
Pope & Talbot Mills (Southern B.C. Interior), April 2008

- ***Annual capacity: 330 MMbf***
- ***Purchase price of C\$62 million (plus inventories) is equivalent to 1.9 X 2004 peak EBITDA***
- ***Grand Forks has been restructured to reduce operating costs and to realign its product and market strategy***
- ***Castlegar: sawmill curtailed; valuable wood resource***

Interfor has taken advantage of the downturn to acquire assets at attractive prices

Diversified Product Mix

- Interfor's strengths' include a diversified product mix of both commodity and specialty products

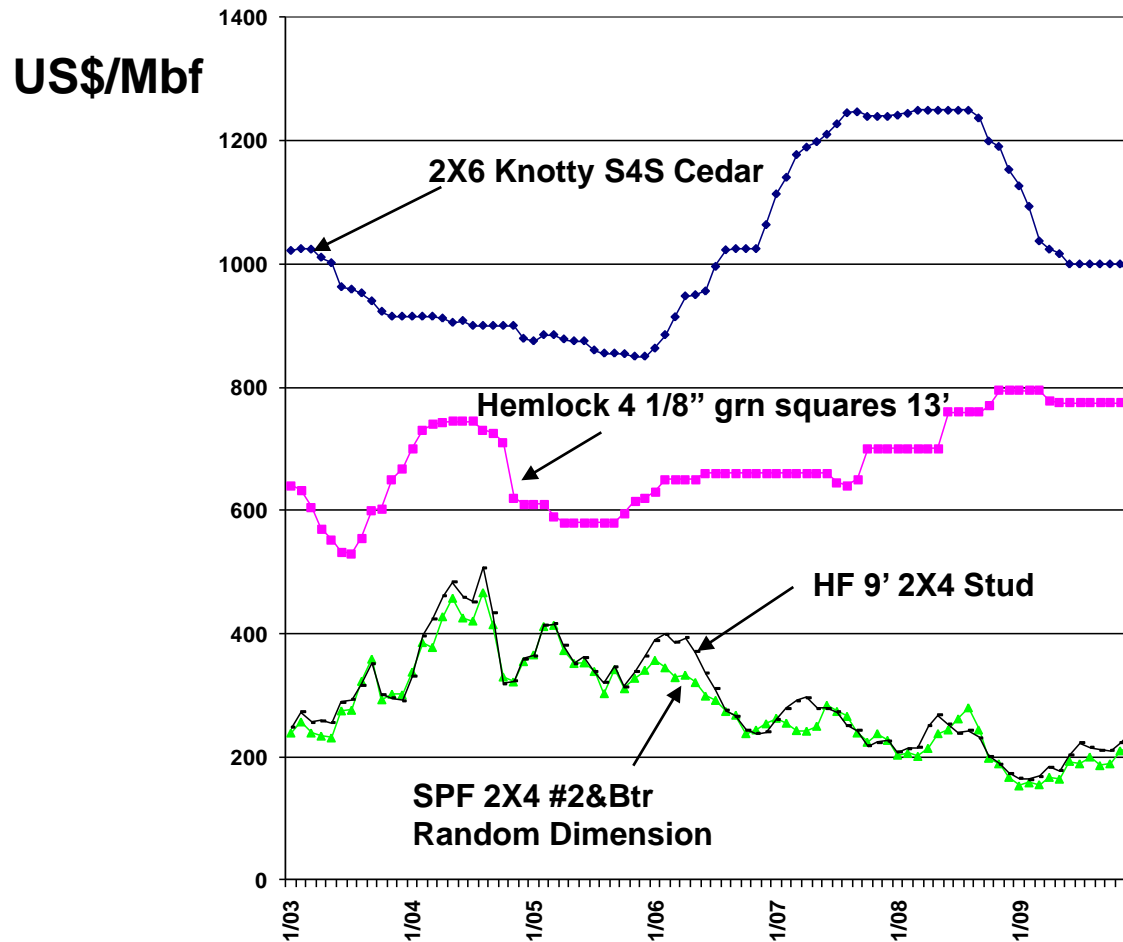


Higher % of specialty items → *greater stability of prices & profitability*

Diversified Product Mix

- Interfor's diversified lumber product mix helps to stabilize earnings

Benchmark Prices, January '03 to December '09



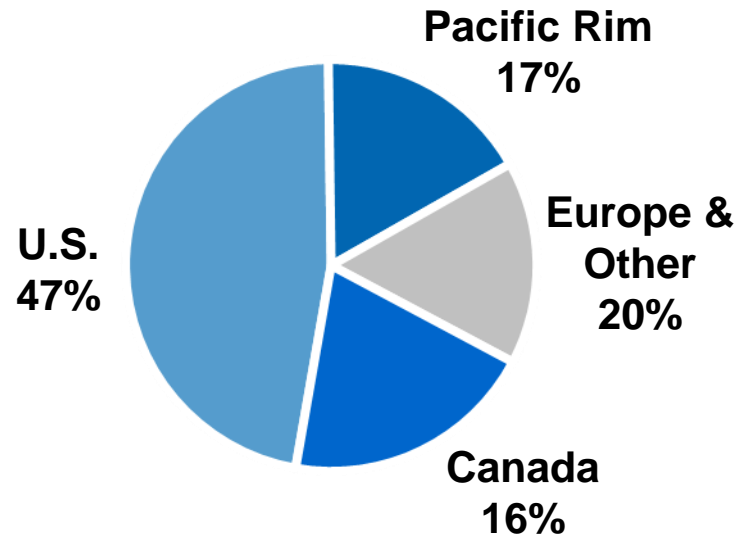
Source: Random Lengths Publications Inc.



Deliver Above Average Returns on Invested Capital

Diversified Geographic Sales Mix Stabilizes Earnings

2008

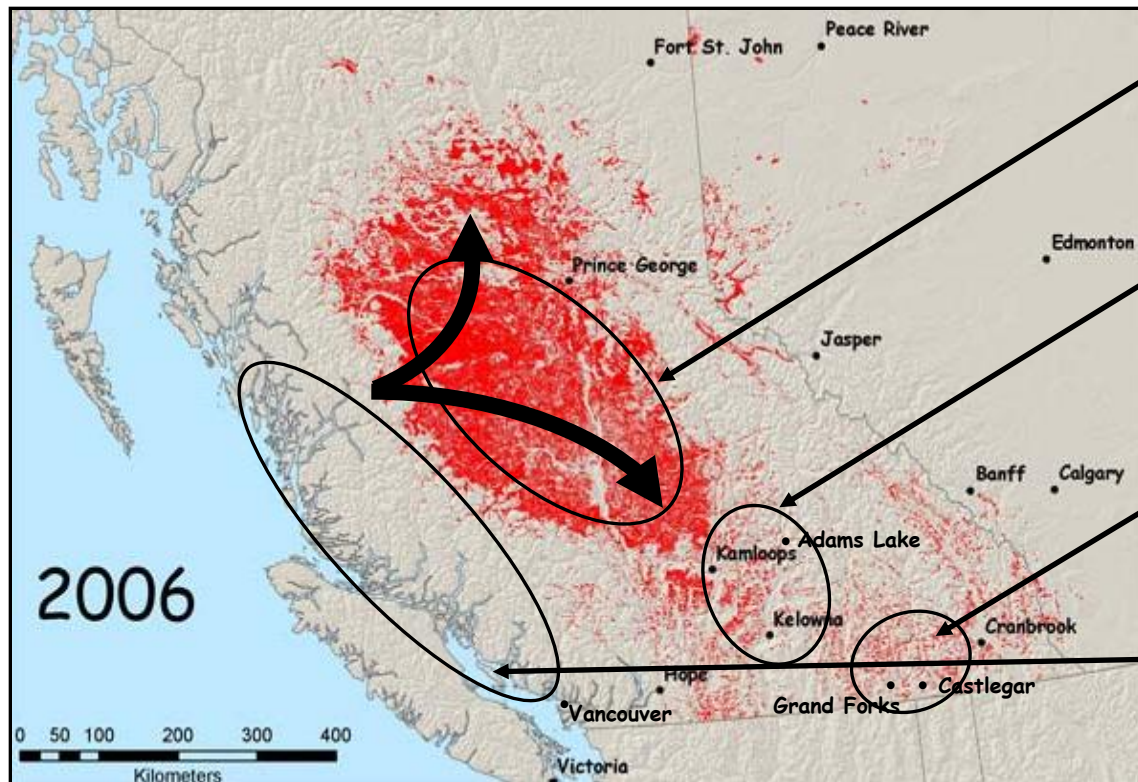


Total Lumber Sales \$297 million

Interfor's diversified geographic sales mix provides greater sales and earnings stability than other North American competitors

Minimal Exposure to the Mountain Pine Beetle

Mountain Pine Beetle (MPB) – Area Affected



Central and Northern B.C.
50 – 75% Pine

**AAC¹
MMm³**

0.0

Adams Lake in Southern B.C.
28 – 30% Pine

0.5 (2)

Castlegar & Grand Forks in Southern B.C.
17% Pine

1.0

Coastal B.C. Woodlands
No Pine

2.0

3.5

¹. Annual Allowable Cut (million m³)
². Post acquisition of WY tenure

Source: Ministry of Forests, COFI

Interfor's southern B.C. Interior wood baskets are less exposed to the MPB than B.C.'s central and northern interior regions; the Coast is not exposed

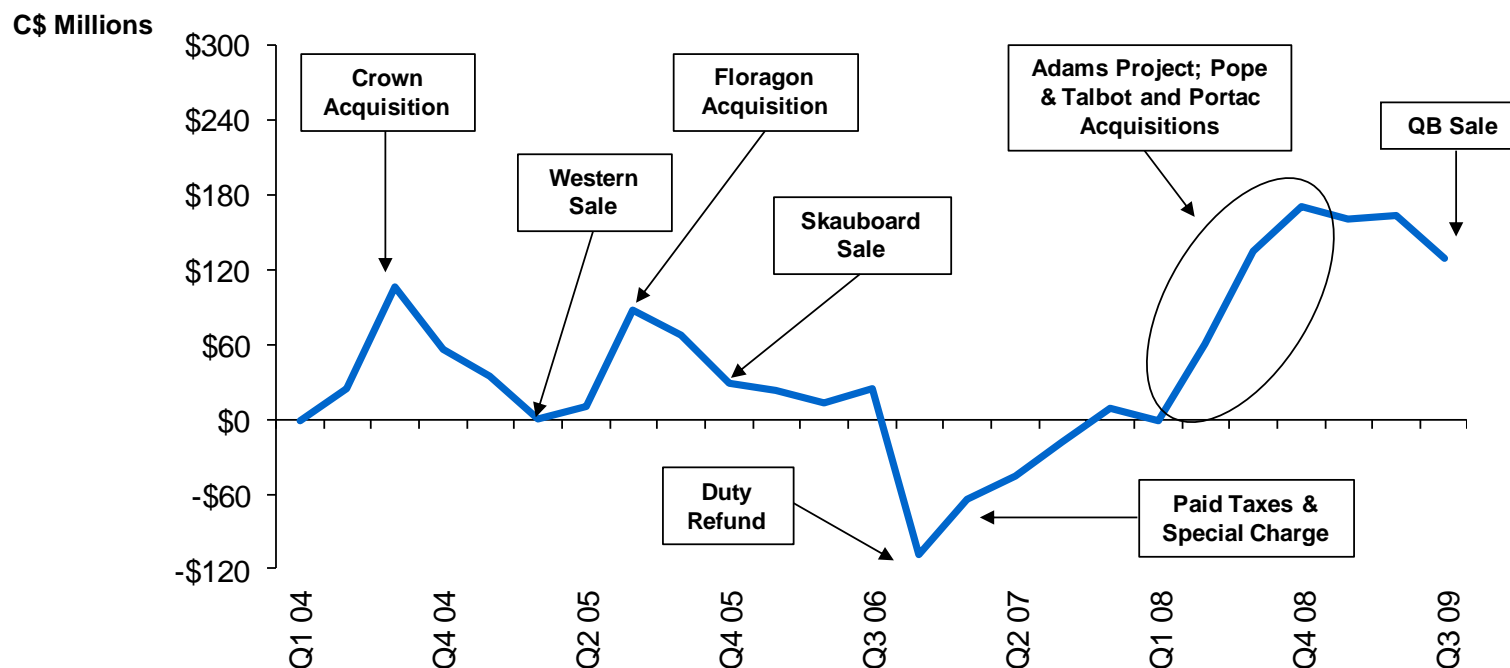


Deliver Above Average Returns on Invested Capital

Strong Financial Position – Record of Deleveraging

- *Interfor has a track record of deleveraging following major investments or acquisitions*
- *After peaking at \$168 million in 2008, net debt at September 30, 2009 was \$129 million, or 26% of invested capital*

Net Debt ¹.



¹: Short and long-term debt net of cash

Interfor has a strong balance sheet



Deliver Above Average Returns on Invested Capital

Strong Financial Position – Credit Update

- Interfor's bank facilities have been modified and extended, effective Jan '10*

Tranche	Prior		Revised	
	Amount	Maturity	Amount	Maturity
A	C\$ 65	April '10	C\$ 65	Feb '11
B	C\$ 150	April '11	C\$ 200	Feb '12
C	US\$ 35	Sept '10		
Total	C\$ 251		C\$ 265	

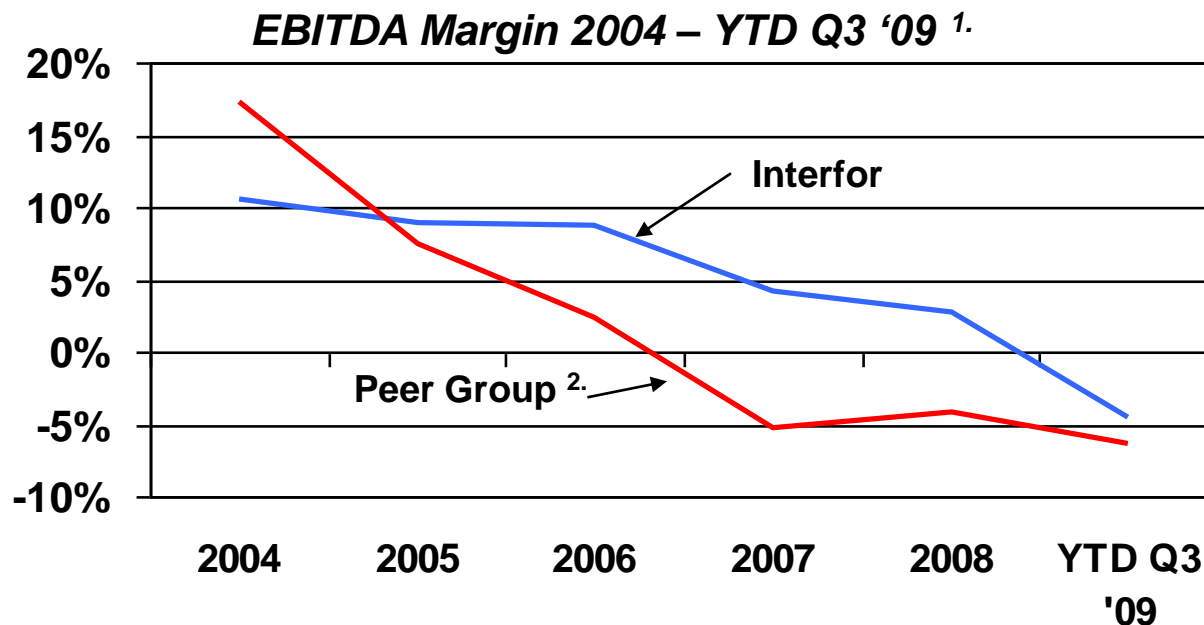
- The Company currently has > \$100 million in unused credit available*

Section 5

Peer Comparison

Peer Comparison – EBITDA Margins

- *Interfor was the only publicly-traded lumber company in North America to achieve positive EBITDA margins in 2007 and 2008*
- *After dipping in early 2009, Interfor was EBITDA positive in Q3*



Interfor Rank	5	2	1	1	1	2
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¹ Excludes impact of lumber duty refunds

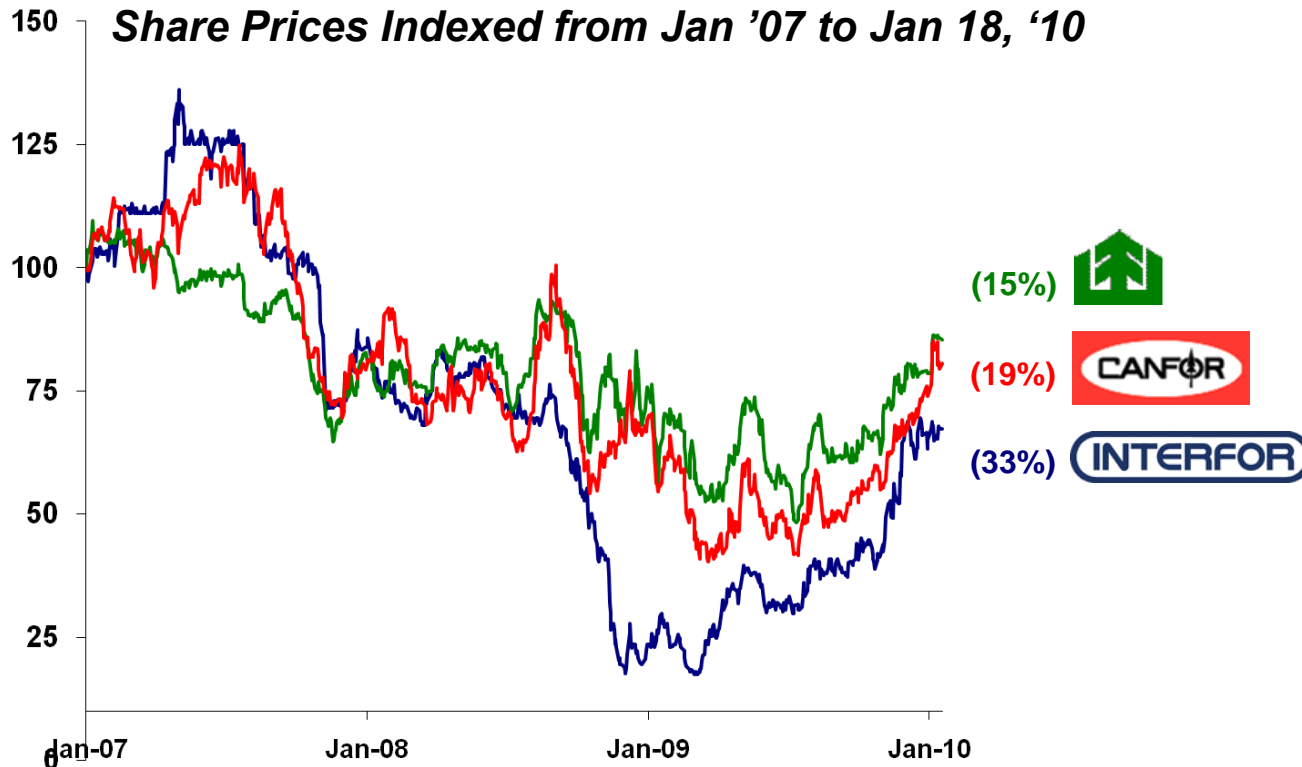
² Peer group includes Canfor, West Fraser, Western Forest, Pope & Talbot (lumber or solid wood segments only); peer group excludes P&T effective Q3'07 (no longer reporting)



Deliver Above Average Returns on Invested Capital

Peer Comparison – IFP.A, WFT and CFP

- *Interfor's share price kept pace with WFT and CFP from January '07 to September '08 before collapsing in Q4,'08.*



The stock has recovered \$3.65 per share since bottoming at \$1.20 in March '09, but remains well below it's inherent value




Geographic Diversity in Key Regions

	Productive Capacity (%)		
	Interfor	West Fraser	Canfor
B.C. Interior - Central & Northern	0%	43%	79%
B.C. Interior - Southern	39%	0%	0%
B.C. Coast	21%	0%	0%
Prairies	0%	28%	5%
U.S. Pacific N.W.	40%	0%	0%
U.S. South	0%	28%	12%
Other	0%	0%	3%
	100%	100%	100%

Interfor has substantially less exposure to Mountain Pine Beetle than Canfor or West Fraser

Peer Comparison – IFP.A, WFT and CFP

- IFP.A currently trades at a 37% discount to NBV, which is well below CFP (10%) and WFT (7%)

	Share Price Performance ^{1.}	Leverage ^{2.}	Lumber EBITDA Margin		Discount to Book Value
			YTD Q3 '09	2008	
	(33%)	26.0%	(4.6%)	2.8%	37%
	(19%)	13.7%	(6.4%)	(3.7%)	10%
	(15%)	22.7%	(4.4%)	(2.9%)	7%

^{1.} January 1, 2007 – Jan 18, 2010

^{2.} Net Debt/Invested Capital

Interfor is significantly undervalued relative to its peers in spite of superior performance, a strong balance sheet and less exposure to MPB

Section 6

Key Takeaways

Key Takeaways

- *Interfor has been radically transformed over the last 5 - 7 years*
- *Interfor has a balanced geographic manufacturing base and diversified product lines*
- *Interfor has top quartile (top decile) assets*
- *Interfor has taken advantage of the downturn to acquire assets at attractive prices*
- *Interfor has outperformed its peers in recent years*
- *Interfor has a strong balance sheet*
- *Interfor trades at a significant discount to its peers and well below inherent value*

Interfor is positioned to take advantage of the recovery

APPENDIX

Financial Position

	Sep 09	Dec 08	Dec 07
<i>(\$millions except ratios)</i>			
Total Debt	\$130.8	\$168.0	\$34.7
Less Cash & Deposits	\$(2.2)	\$(0.2)	\$(26.6)
Net Debt	\$128.6	\$167.8	\$8.1
Equity	\$365.6	\$406.8	\$430.6
Net Debt / IC	26%	29.2%	1.9%
Book Value / Share	\$7.76	\$8.63	\$9.14
Period-end Share Price	\$3.13	\$1.70	\$6.04