



Investor Update

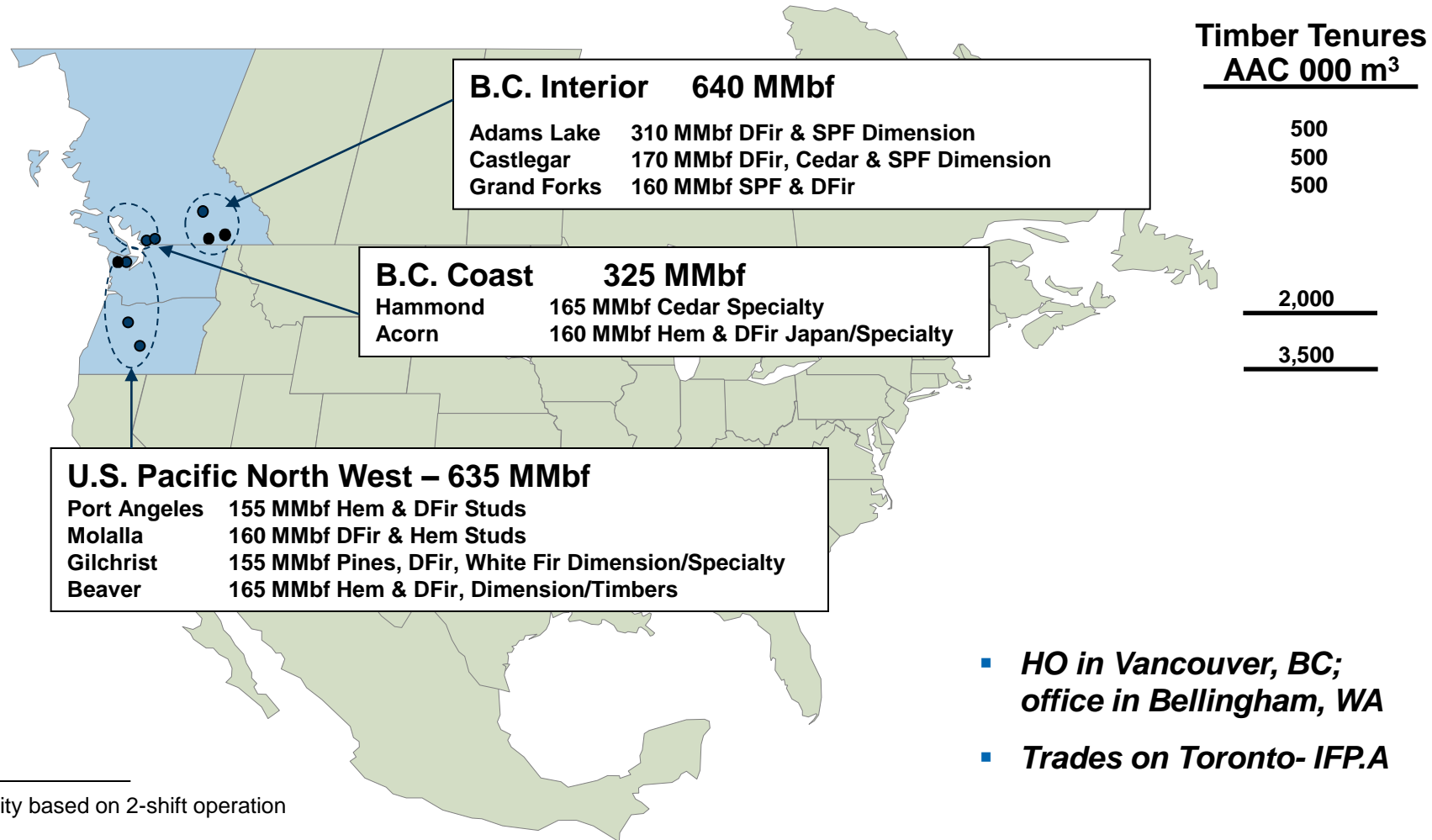
November 16, 2010

Duncan Davies,
President and CEO

Section 1

Introduction

Investor Update

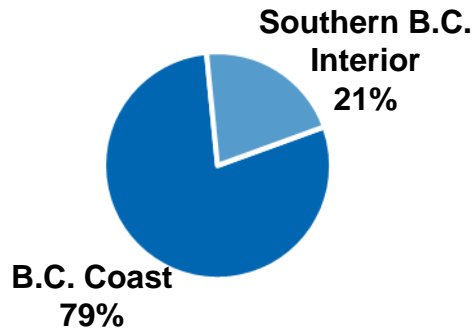


¹ Capacity based on 2-shift operation

Interfor has a diversified base of operations with lumber capacity of 1,600 MMbf ¹.

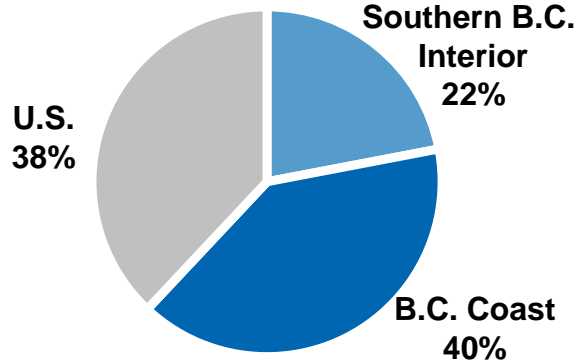
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2002



Production Capacity
772 MMbf

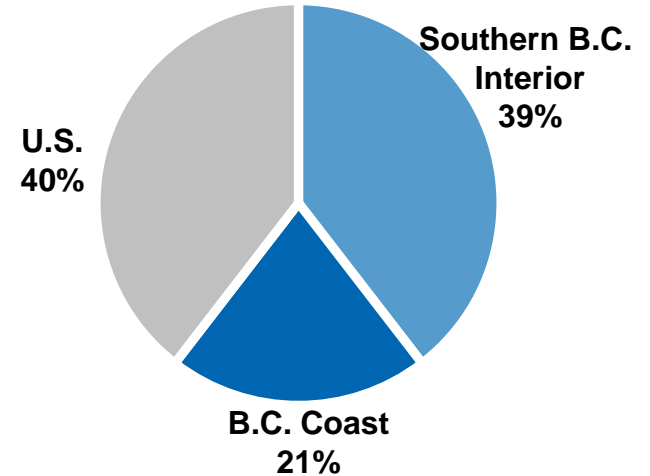
2007



Production Capacity
1,345 MMbf

*Including Crown Pacific and
Floragon sawmills*

2010



Production Capacity
1,600 MMbf

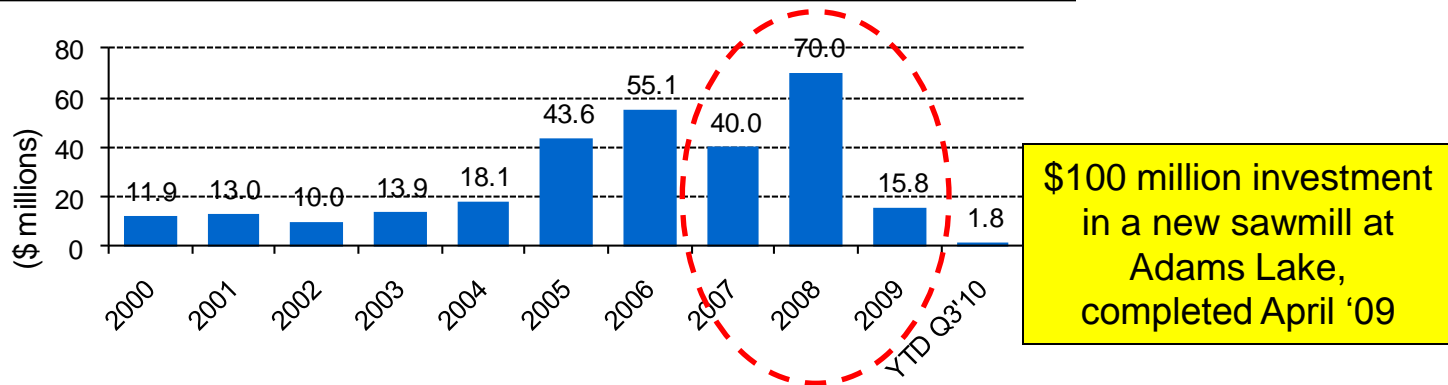
*Including Pope & Talbot and
Portac sawmills and Adams Lake*

**Over the last 8 years, Interfor has doubled its capacity,
rationalized its operations and diversified its revenue base**

Investor Update

- Interfor has spent more than \$250 million in the last 8 years to upgrade its assets. Major projects were completed at Adams Lake, Molalla and Port Angeles. In addition \$270 million was spent on acquisitions during the same period .

Discretionary Capex (excluding acquisitions)



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

\$24.4 million in discretionary capital has been authorized for 2010-12

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Cedar siding



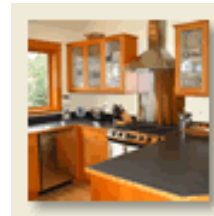
Cedar decking



Japan structural



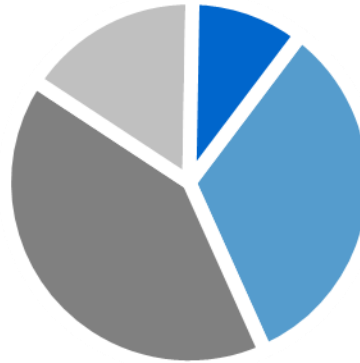
Facia & trim



Millwork

Specialty
16%

Cedar
10%



Commodity Framing
41%

Structural Specialty
33%



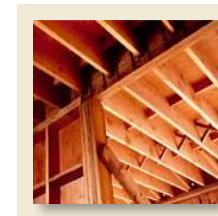
Rough cedar



Lumber



Studs



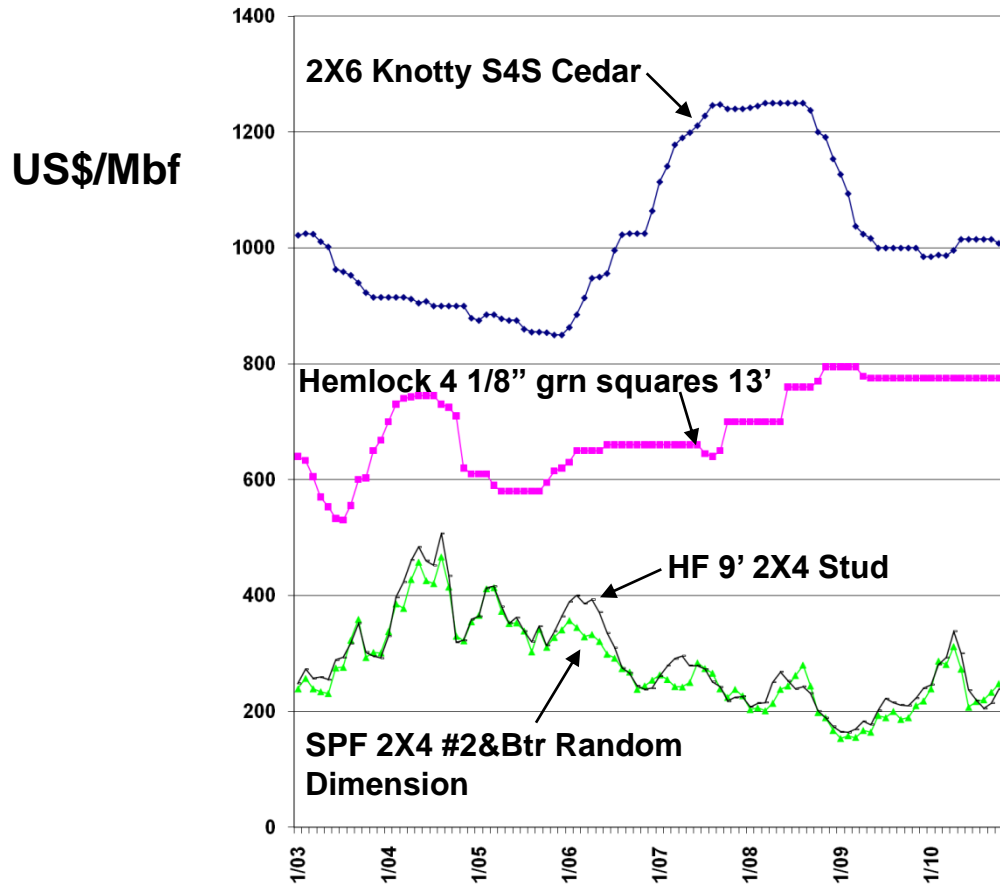
Structural dimension



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

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Benchmark Prices, January '03 to October '10

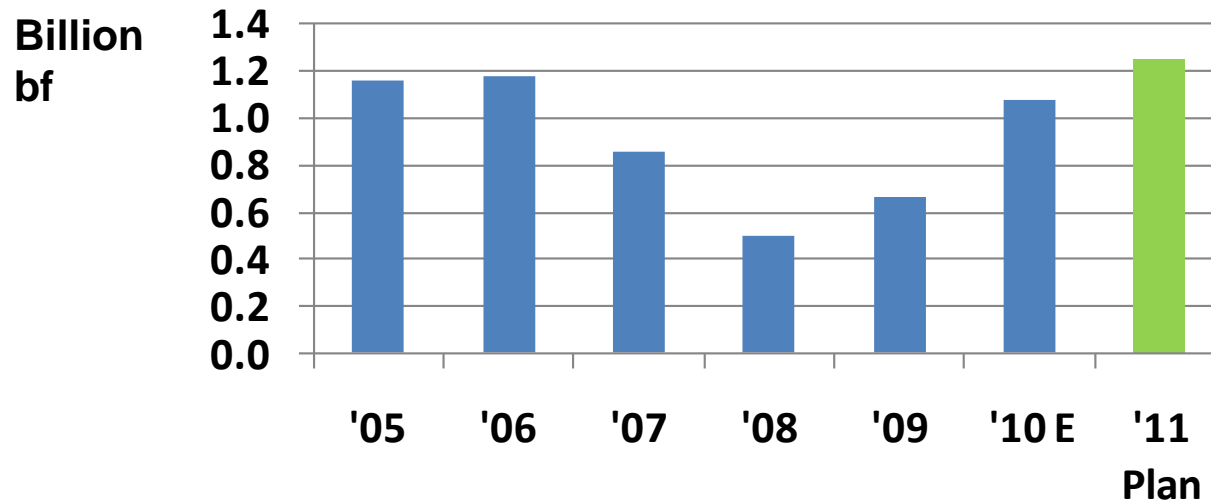


Source: Random Lengths Publications Inc.

Interfor's key product lines function independently from a pricing standpoint

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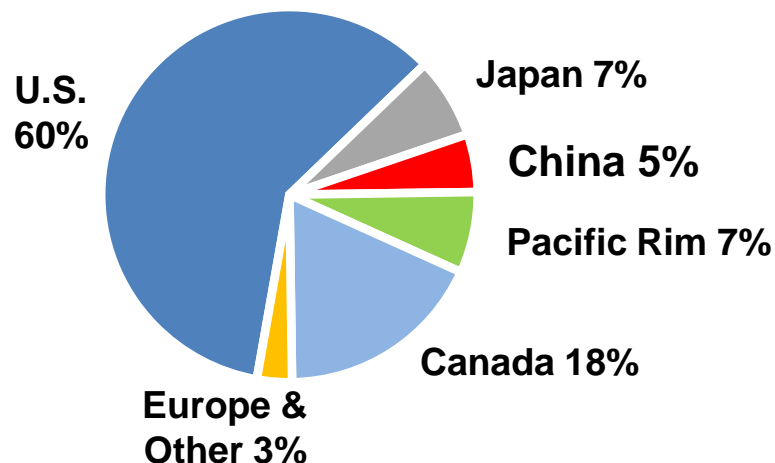
Lumber Production - 2005 to 2011



Interfor's production volume will exceed 1.1 Bbf in 2010 (up 70% from 2009); production in 2011 is expected to exceed 1.2 Bbf

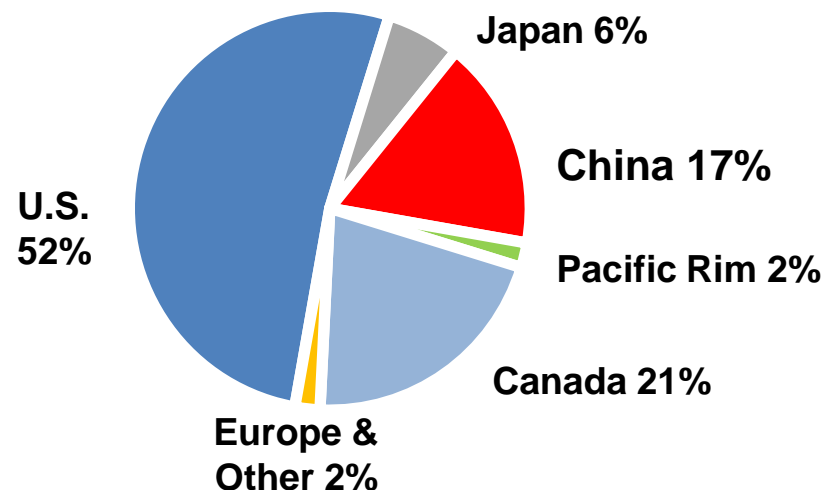
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2009 *



**Total Lumber Sales \$289 million
(647 MMbf)**

Q3 2010, YTD *



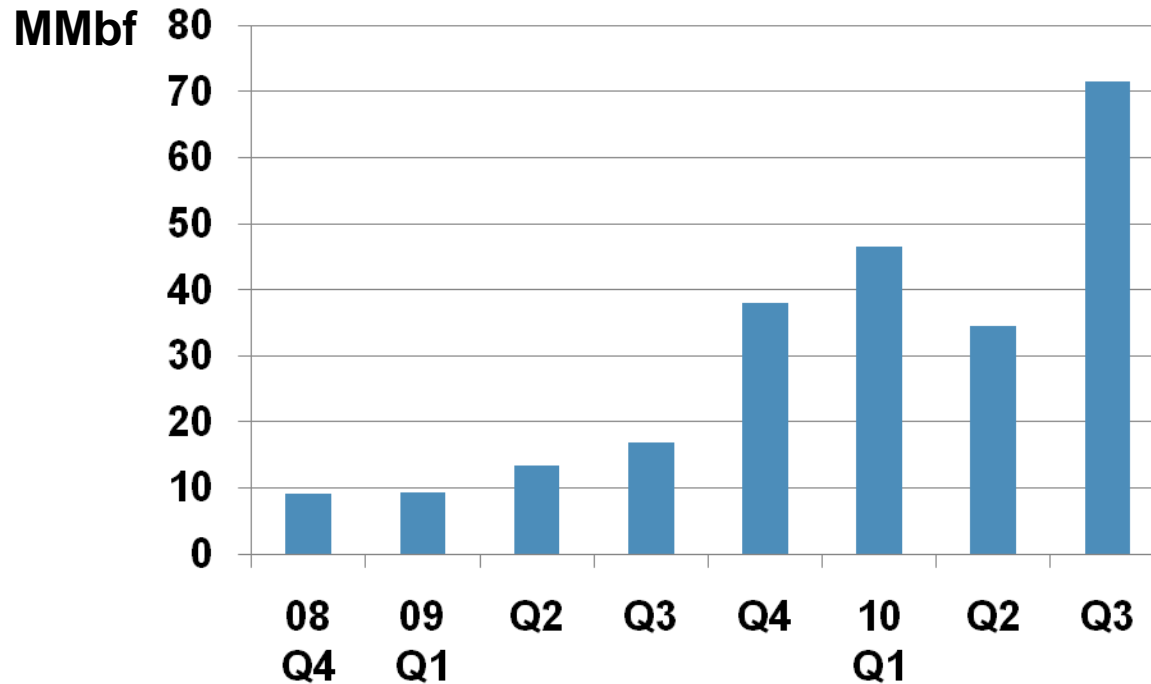
**Total Lumber Sales \$306 million
(789 MMbf)**

* Based on volume

***Interfor has a more diversified geographic sales mix than other producers;
volumes to China have increased rapidly in the past 12 months***

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Lumber Volumes to China & Pacific Rim (ex. Japan)

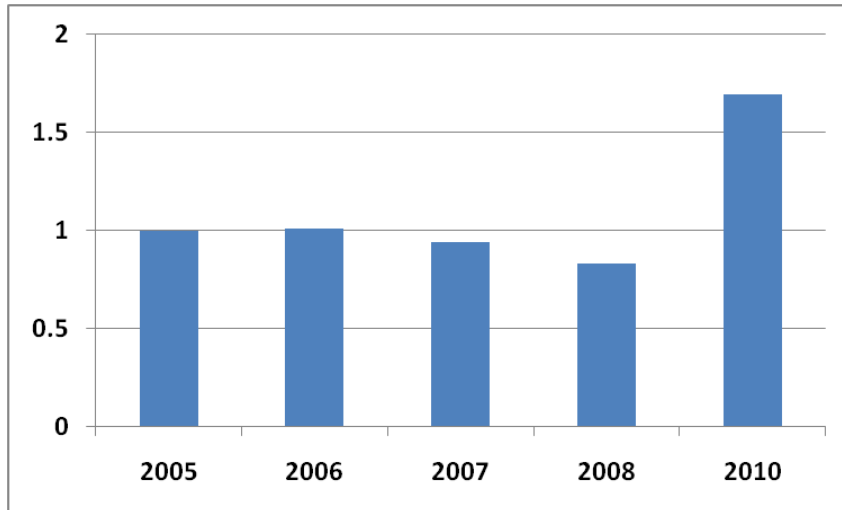


Interfor's sales to China have ramped up quarter-over-quarter; sales to China could exceed 350 MMbf in 2011

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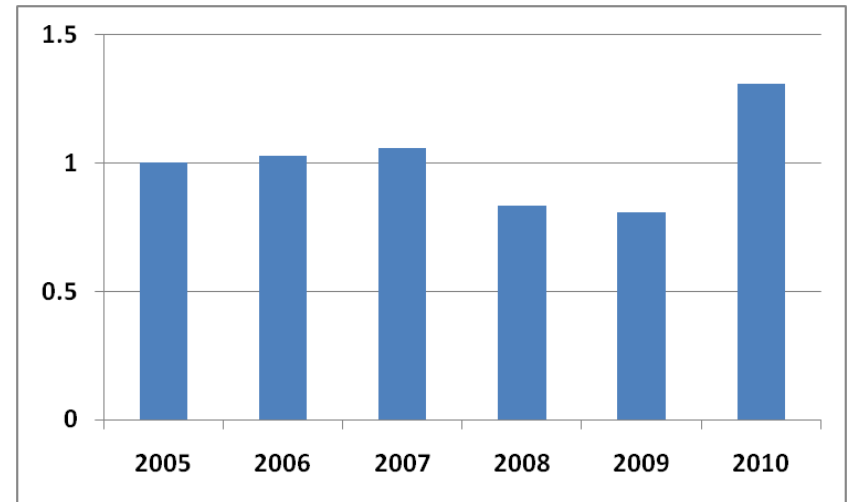
Castlegar

Mbf/Manday *



Grand Forks

Mbf/Manday *



* Indexed to 2005

Significant improvements in productivity have been achieved at Grand Forks and Castlegar. Both mills are well-positioned to achieve strong results in the years ahead

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

Tranche	Prior		Revised	
	Amount	Maturity	Amount	Maturity
A	C\$ 65	Feb '11	C\$ 65	July '12
B	C\$ 200	Feb '12	C\$ 200	July '13
Total	C\$ 265		C\$ 265	

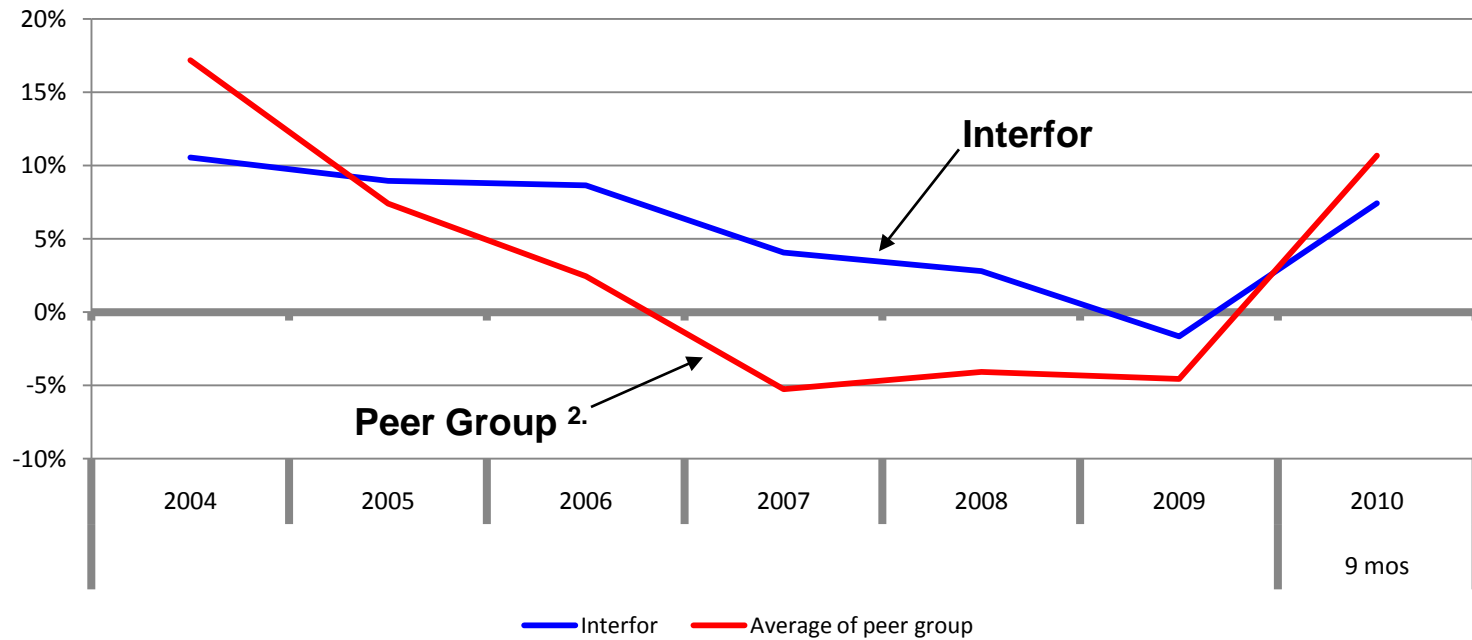
Interfor currently has more than \$100 million in unused credit available

Section 2

Peer Comparison

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EBITDA Margin 2004 – YTD Q3 '10 ¹.



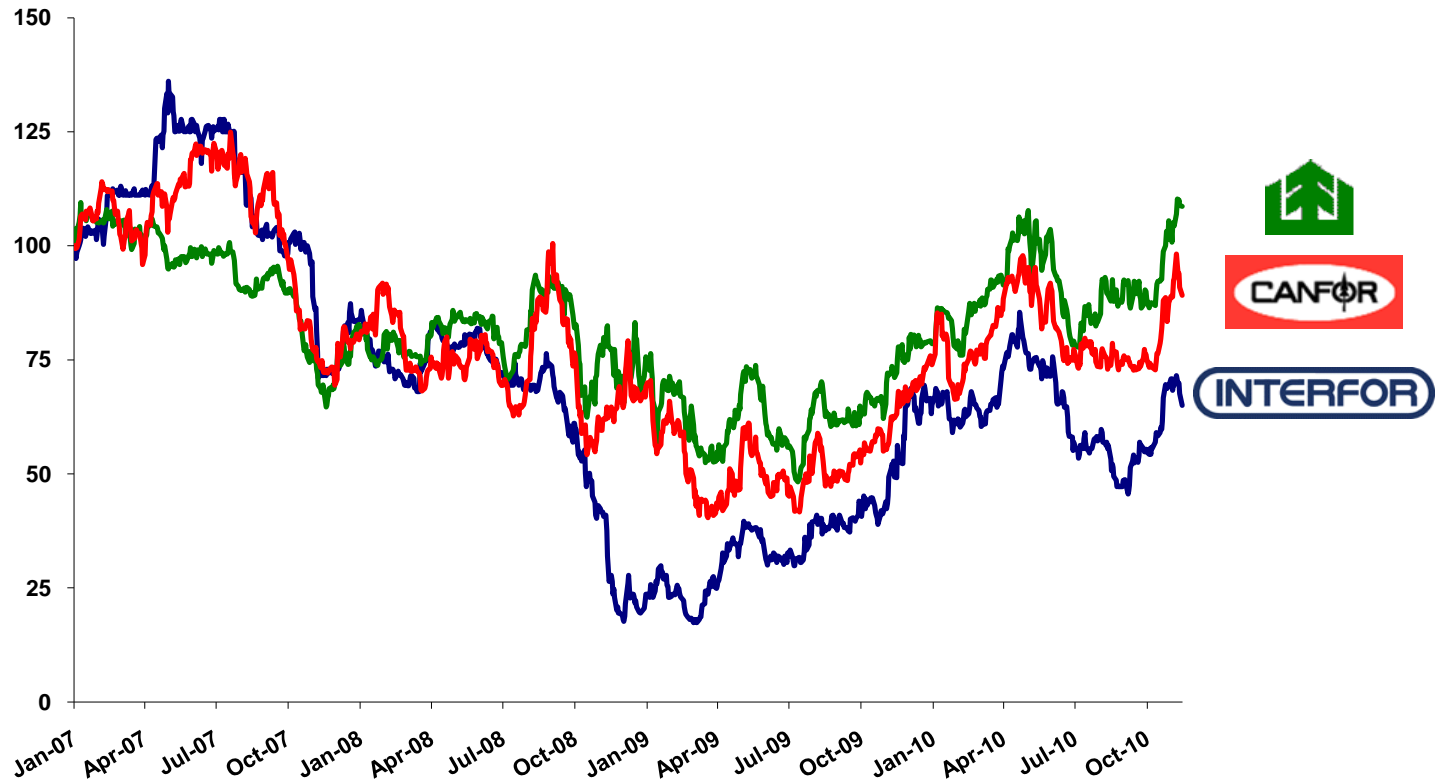
Interfor outperformed its peers during the 2005-9 period

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)

Peer Comparison – Share Price Performance

Share Prices Indexed from Jan '07 to Nov 15, '10



Interfor's share price has lagged behind its peers since mid-2008

Section 3

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 and market exposure*
- *Interfor is positioning its assets to be top quartile (top decile)*
- *Interfor has outperformed its peers in recent years*
- *Interfor has a strong balance sheet and more than \$100 million in unused credit lines*

Interfor is positioned to take advantage of the recovery

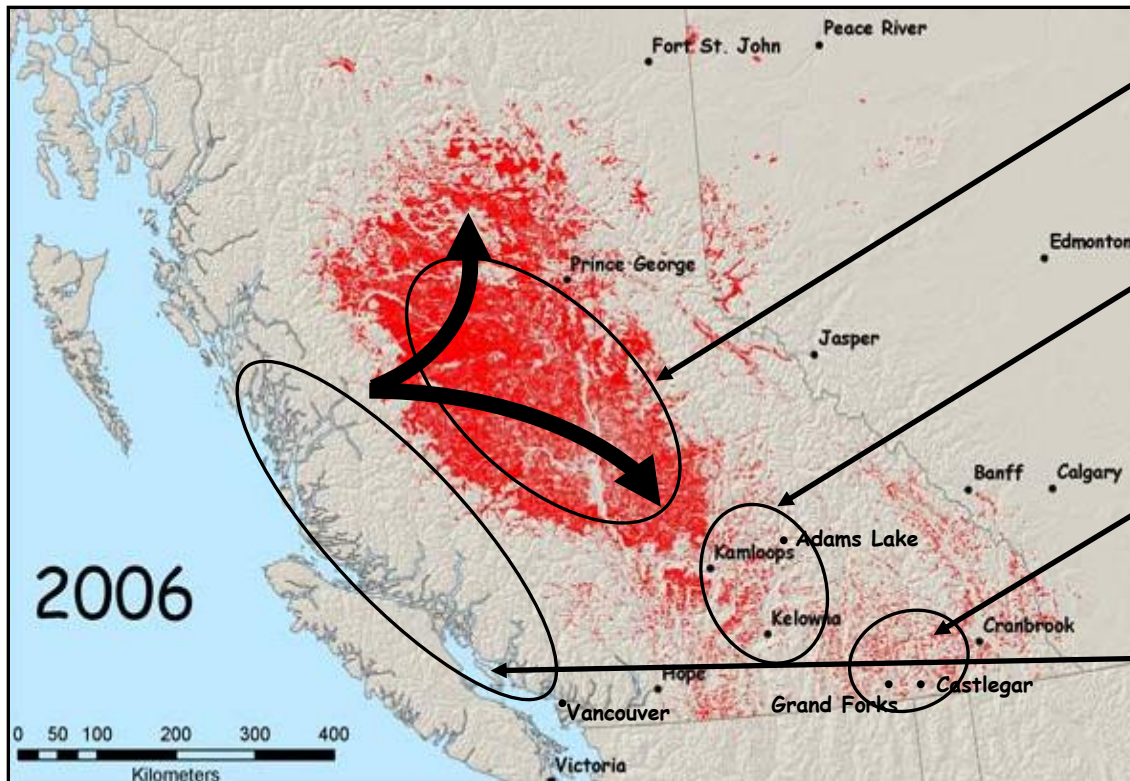
APPENDIX

- *Impact of Mountain Pine Beetle in B.C.*
- *China: Wood Frame Construction Markets*
- *U.S. Housing Market*
- *Softwood Lumber Indicators*

Impact of Mountain Pine Beetle in B.C.

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Mountain Pine Beetle (MPB) – Area Affected



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

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

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

Coastal B.C. Woodlands
No Pine

**AAC¹
MMm³**

0.0

0.5

1.0

2.0

3.5

Source: Ministry of Forests, COFI

¹ Annual Allowable Cut (million m³)

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

Peer Comparison – Regional Operating Base

	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

China: Wood Frame Construction Markets

China Markets - Wood Frame Construction

Wood truss re-roofing (east and north China)



Suburban villas (east, north, n-east, s-west)



Low cost rural housing (south-west)



Resort homes (north)



China Markets- Sectors under development

Public buildings



Apartment infill walls / partition walls



Multi-story residential



Mixed-use hybrid



China Markets- Use of B.C. Wood in Construction

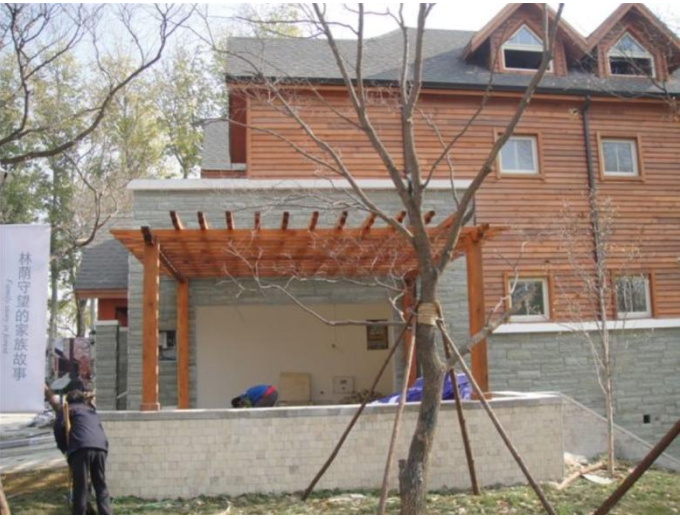
House framed with SPF lumber



SPF used for furniture frames



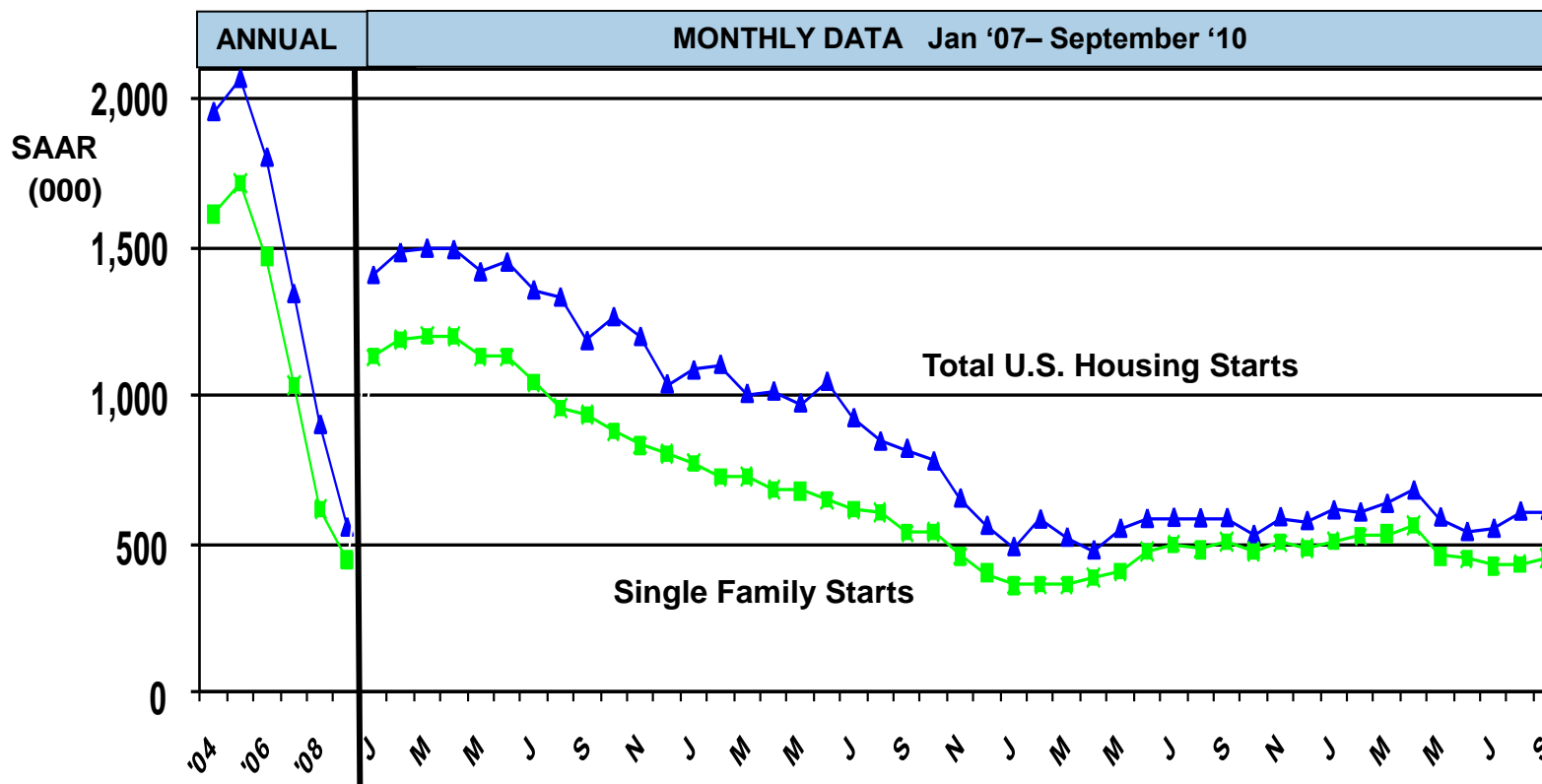
Cedar used as siding and for outdoor structures



U.S. Housing Market

U.S. Housing Starts Jan. '07 – Sept. '10

- *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 610,000 unit range (YTD '10 at 603,000 units)*



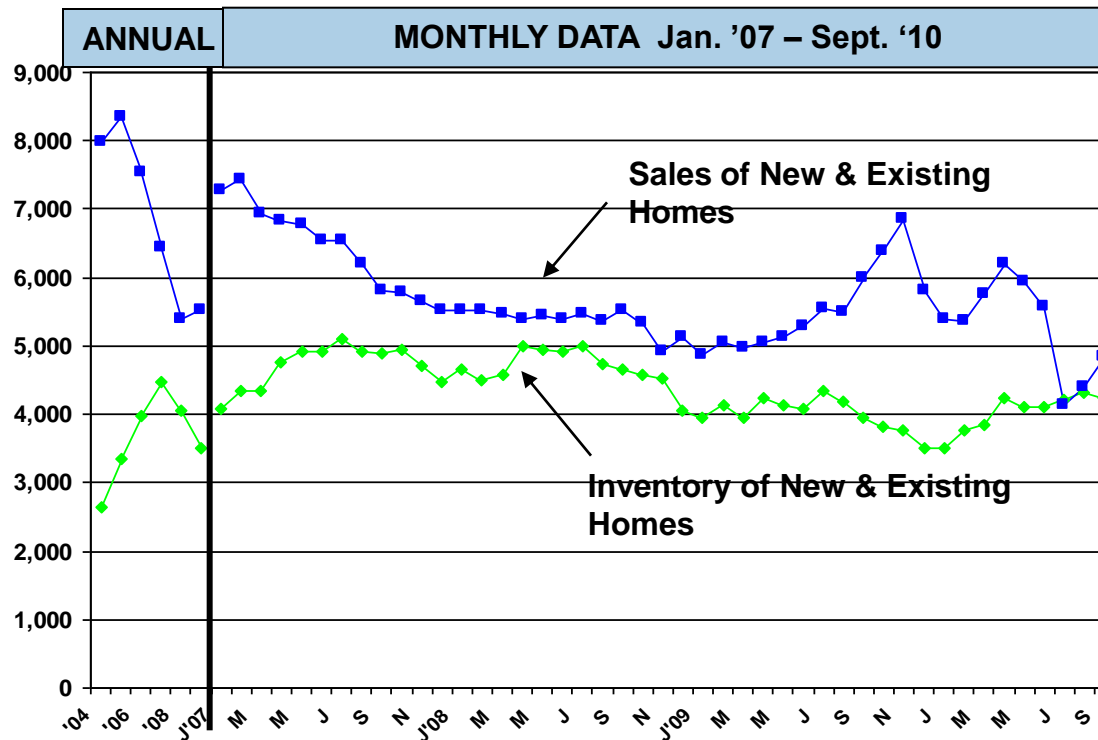
Source: U.S. Census Bureau



Sales and Inventories of Total New and Existing Homes

- Sales of new and existing homes are back to the lows of early '09
- Sales have been impacted by the U.S. gov't's new home owner subsidy (initial expiry, Nov 30th '09 was extended to Apr 30th '10, impacting pre and post months' sales)
- The inventory of unsold homes peaked in mid-2008 and has since dropped by 14%

SAAR
(000)

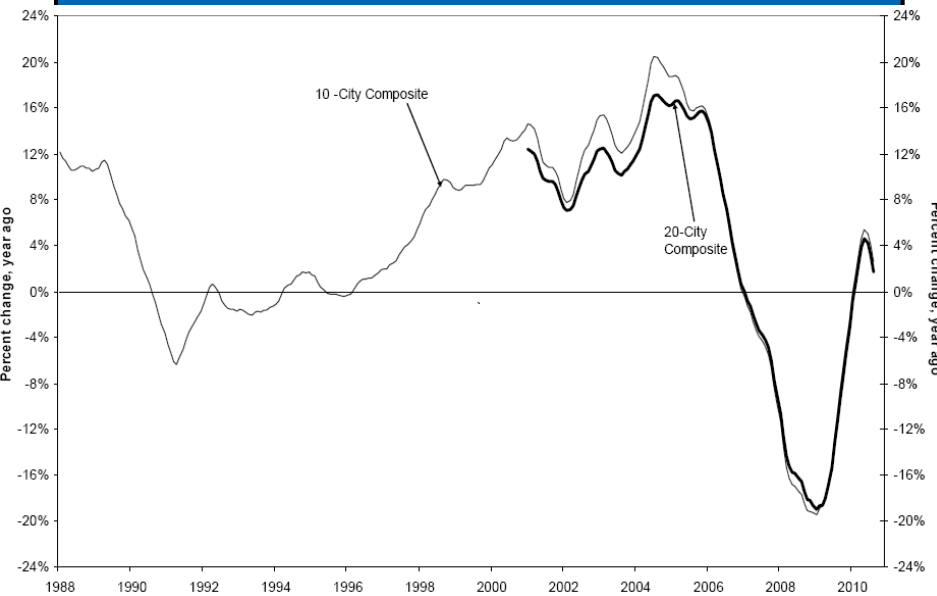


Sources: NAR (National Association of Realtors) for existing homes; U.S. Census Bureau for new homes

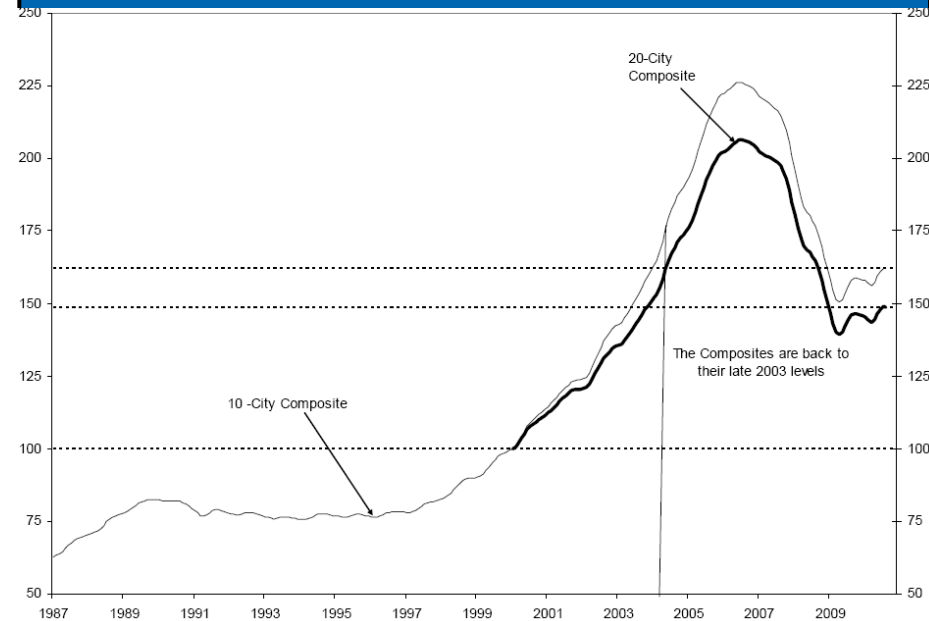
U.S. Home Price Trend – S&P's Case-Shiller Indices

- *The annual change in house prices became positive in Q1'10, the 1st quarterly increase since Q1'06, however the rate of increase declined to August '10 (left chart)*
- *Month/month prices for the 10 and 20 City Composites rose during late 2009 and have oscillated during 2010 to August (right chart). Prices may fall further in 2010*

Home Price Index Year/Year Percent Change



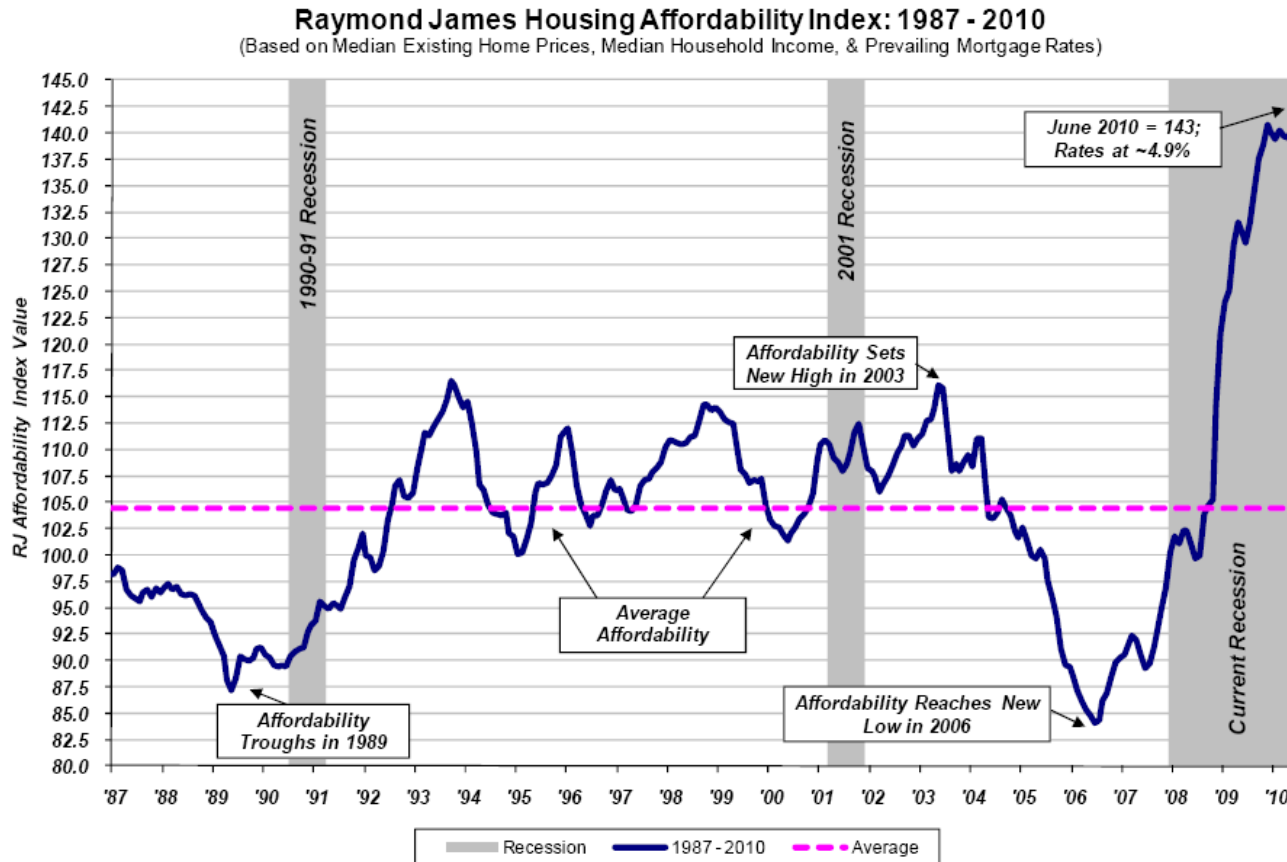
Home Price Index: base value of 100 Jan, '00



Source: Standard & Poors, October 26, 2010

U.S. Home Affordability is High

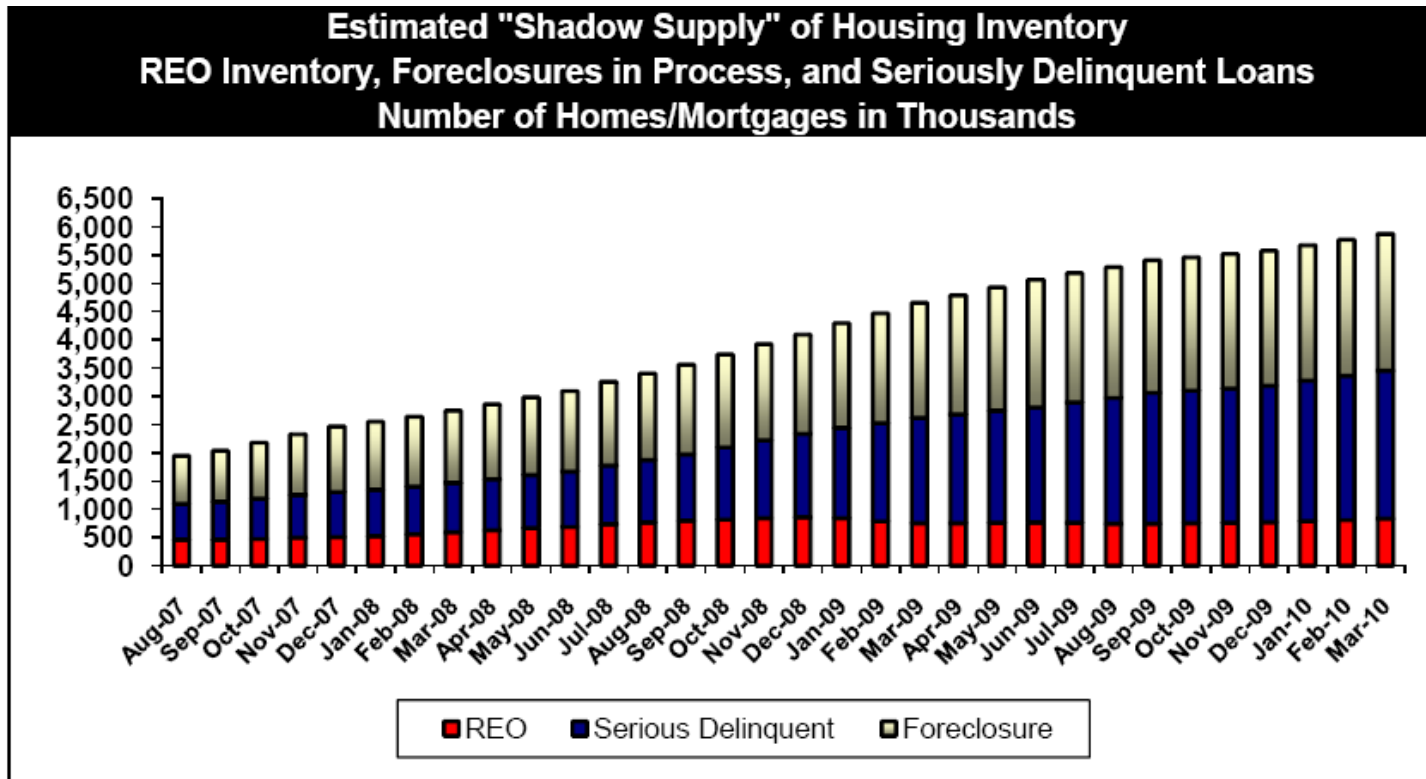
- Affordability has risen to record highs during 2009 and 2010



Source: Raymond James & Associates Inc., July 16, 2010 (NAR, FHFB, and Raymond James)

Uncertainty Around the U.S. Housing Recovery ¹.

- **The estimated “Shadow Supply” of housing inventory (distressed homes) increased from 1.8 million in August ‘07 to 5.8 million by March ‘10**
Additional mortgages (ALT A, Option ARM) will reset during the next 12 months

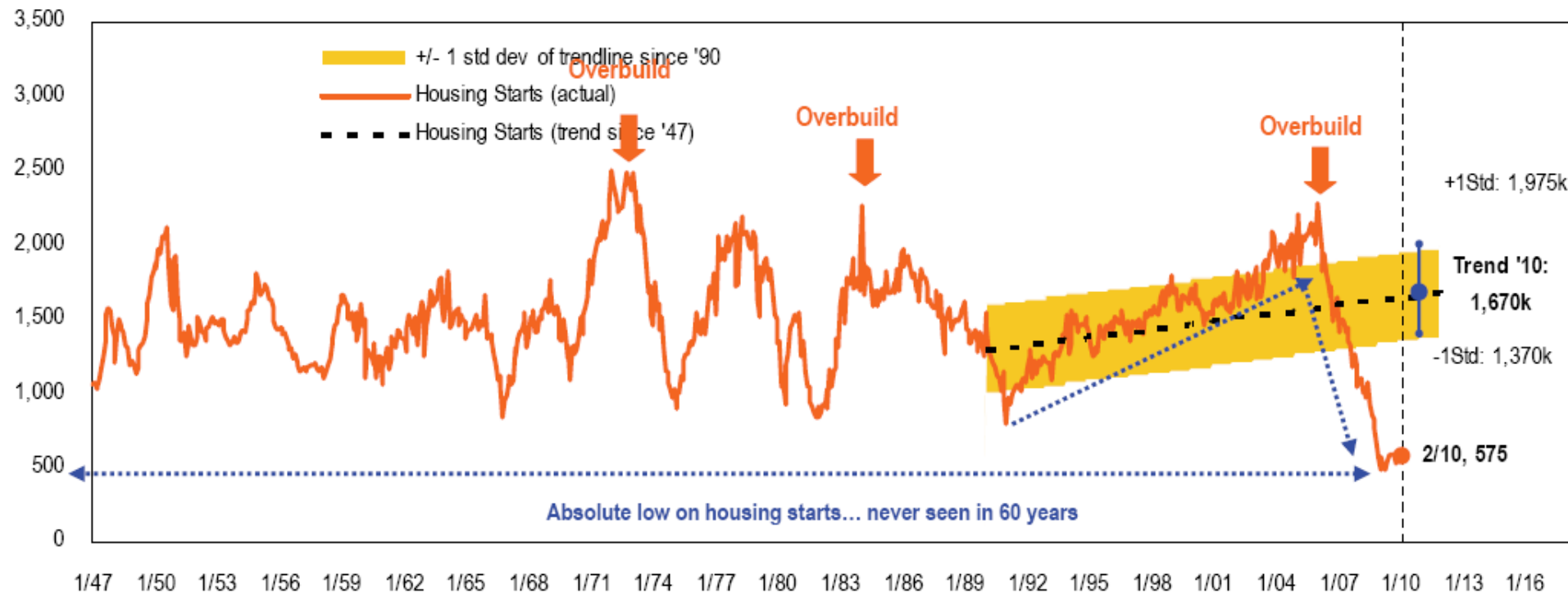


- **The vast majority of the 5.8 million are not reflected in the traditional inventory metrics, currently at 3.9 million homes**

U.S. Housing Starts 1947-2010 ...ready for upturn?

- Housing starts have fallen to levels marginally above “scrap rates” of 3-400,000 per year (= 0.033%)
- How different than previous cycles will this recovery be?

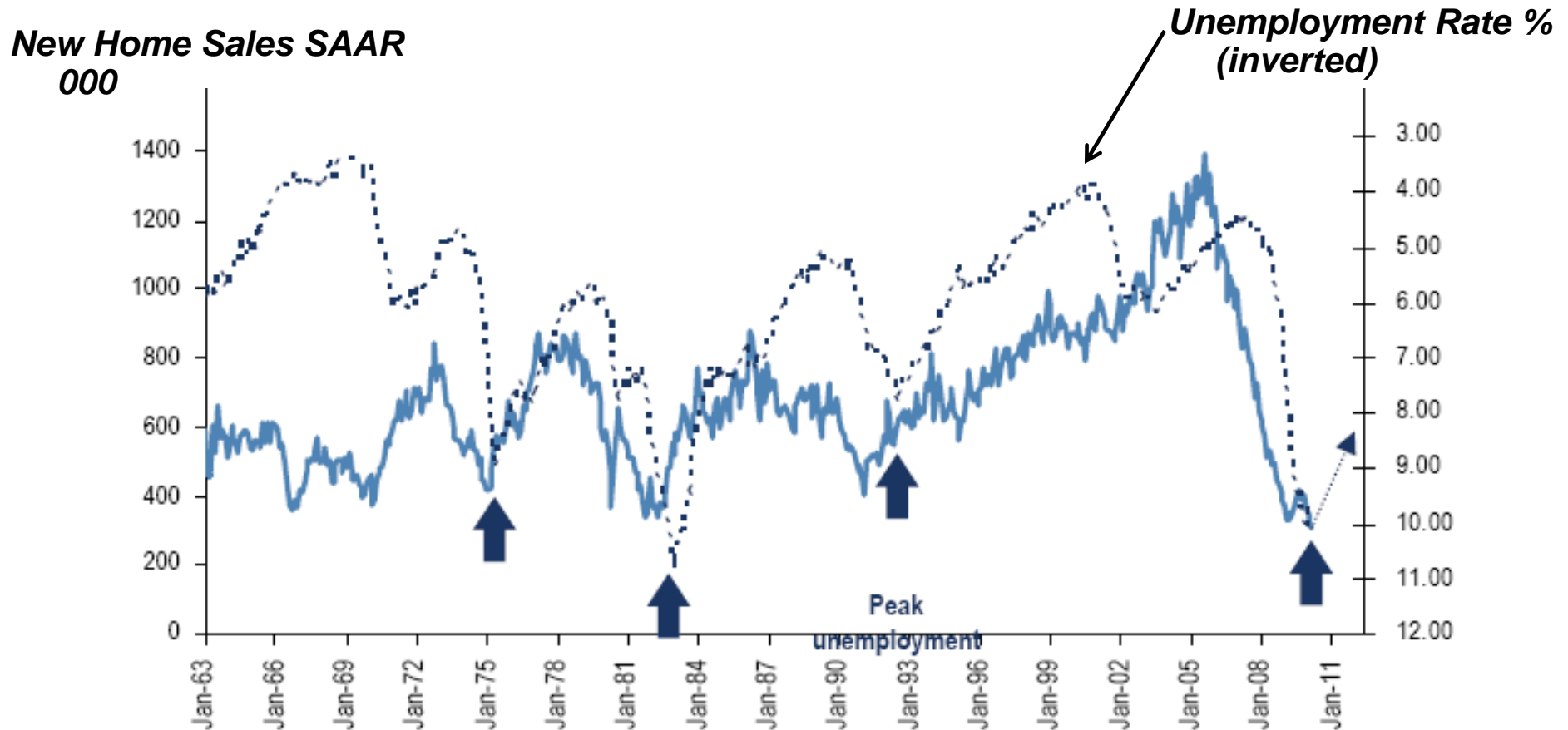
Housing Starts 000



Source: J.P. Morgan, April 2010

U.S. Housing Start Outlook ... ready for upturn?

- **New home sales typically trough when unemployment peaks. Sales were at record lows in February (rising in March) while unemployment appears to be at or close to peak**

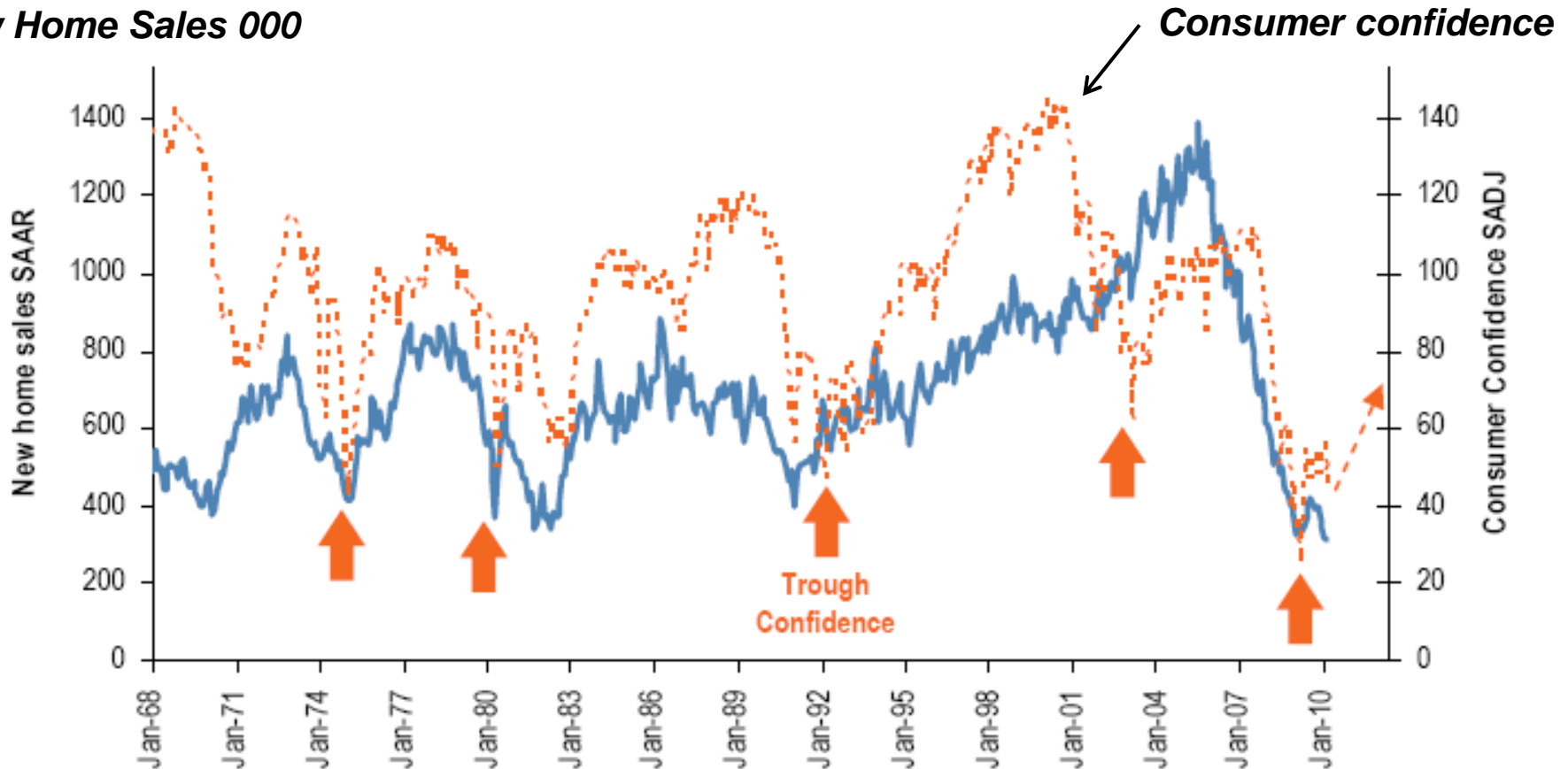


Source: J.P. Morgan, April 2010

U.S. Housing Start Outlook... ready for upturn?

- ***New home sales and consumer confidence typically trough at the same point in the cycle. New home sales were recently at record lows and consumer confidence appears to be at or close to the bottom***

New Home Sales 000

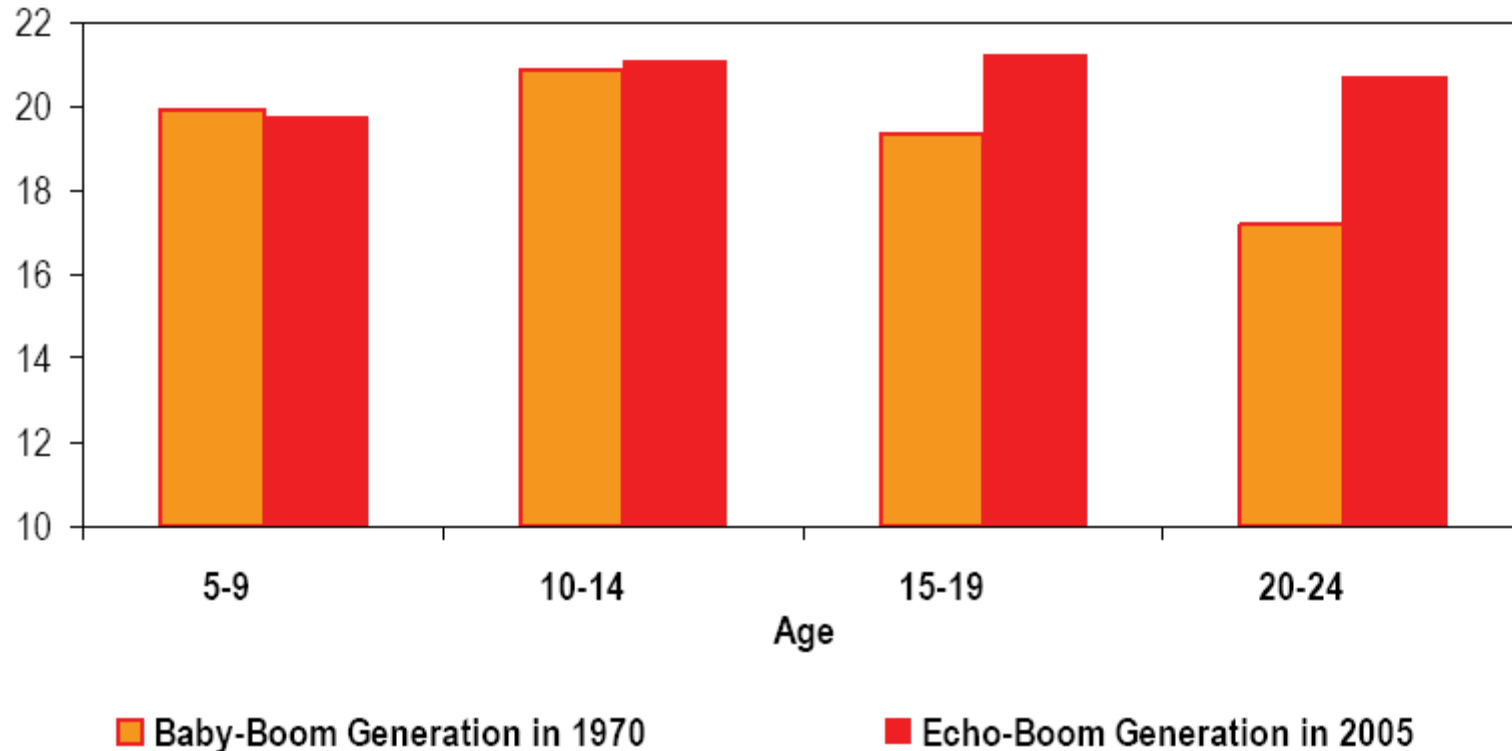


Source: J.P. Morgan, April 2010; data is SAAR

U.S. Housing Start Outlookstrong demographic

- *The Echo Boom (children born 1981-2000) is larger than the Baby Boom (2005 data)*

Millions of Persons



Source: J.P. Morgan, April 2010

Source: From Harvard University: Joint Center for Housing Studies. Notes: Members of the baby-boom generation were born 1946-1964. Members of the echo-boom generation were born 1981-2000. US Census Bureau, Population Estimates.



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Duncan Davies,
President and CEO