

## News Release

### **West Fraser now #1 Global Softwood Lumber Producer**

#### ***Billion Board Foot Club* in 2008 loses more Company Members as a result of the Global Market Slump**

For Immediate Release

April 17, 2009

**Vancouver, B.C.** – The number of global softwood lumber companies that produced one billion board feet of lumber (nominal size) or more fell to only 11 companies in 2008 as compared to 15 in 2007 and 22 in 2006. The dramatic decrease in the number of companies making the list is a direct result of falling global lumber demand from plunging housing starts and the global economic recession. Total production of these Top 11 companies was 27.0 billion bf in 2008 as compared to 31.0 billion bf in 2007 (-12%) by the same companies.

Included in WOOD MARKETS' 2008 annual *Billion Board Foot Club* list are four Canada-based companies (vs. six in 2007), four U.S. based companies (vs. four in 2007), two European based companies (vs. four in 2007) and one Chilean company. "This trend suggests that the largest Canadian and European softwood lumber companies were harder "hit" than the largest U.S. companies in 2008", commented Russell Taylor, President of International Wood Markets Group., "although only a few companies could claim any production increases over 2007".

**For the first time, West Fraser took over the #1 global position from Weyerhaeuser (#2) as the latter's corporate strategy has been to reduce its wood products manufacturing capacity.** West Fraser, on the other hand, has moved steadily upward from #3 in 2006 to #1 in 2008 due mainly to its 2006 purchase of 13 International Paper sawmills in the U.S. South and has also been able to limit downtime at essentially all of its mills in 2008. Rounding out the top 5 was: #3 Canfor, #4 Stora Enso and #5 Tolko.

In the 2006 *Billion Board Foot Club*, 9 of 22 companies (41%) were privately owned as compared to 6 of 11 companies (55%) in 2008. "This trend partly suggests that privately owned and/or tightly controlled companies are more successful at managing sawmills through tough market conditions than large, public companies with integrated operations and diversified ownership" noted Gerry Van Leeuwen, Vice President. **Given the precarious financial condition of a number of large softwood lumber producers in April 2009, it is obvious that there will be further downward adjustments to the *Billion Board Foot Club* in 2009.**

Interestingly, the global softwood market share for these Top 11 companies in 2008 slightly increased from 16% in 2007 to 17% in 2008. This means that the top 11 companies reduced lumber production less than all other global softwood lumber mills in 2008. However, this trend to consolidation is likely to change in 2009 as a number of the

largest companies are currently facing severe financial conditions, which will likely end up in the sale and/or permanent closure of sawmills owned by these distressed companies.

The global ***Billion Board Foot Club*** ranking is researched and published annually by the global consultants at International WOOD MARKETS Group and is published in its ***WOOD Markets International Monthly Report*** (April 2009 Issue), now in its thirteenth year. ***WOOD Markets Monthly*** is available by subscription and currently includes subscribers in over 30 countries.

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For more information, please contact:

Russell Taylor      [retaylor@woodmarkets.com](mailto:retaylor@woodmarkets.com)  
Gerry Van Leeuwen   [gvl@woodmarkets.com](mailto:gvl@woodmarkets.com)  
Peter Butzelaar      [peterb@woodmarkets.com](mailto:peterb@woodmarkets.com)  
International WOOD MARKETS Group Inc.  
Vancouver, B.C.  
Phone: (+1) 604-801-5996