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Alberta Forest Products Value Down Nearly \$2 Billion Since 2004...

Forest Products Value Falls Additional \$324 Million in 2008

Edmonton, March 25, 2009...During the period October to December 2008, AFPA member companies shipped \$563.4 million worth of lumber, panelboard, pulp and paper – a \$62.2 million, or 9.94 per cent decrease from the same period a year ago. The market recession for forest products continues, illustrated by the \$105.1 million drop in value of shipments between the third and fourth quarters of 2008, as home building in North America fell to its lowest levels in more than 50 years.

Comparing 2008 results to 2007 results, the overall value of Alberta forest products shipped to market fell by \$324 million (11.79 per cent) on lower prices for lumber and panelboard products. The AFPA’s lumber sector saw a 29.52 per cent value decrease on 11.95 per cent less shipments; our panelboard saw a 38.72 percent value decline on similar production; and the pulp and paper sector showed a 7 per cent increase in value on similar production volumes.

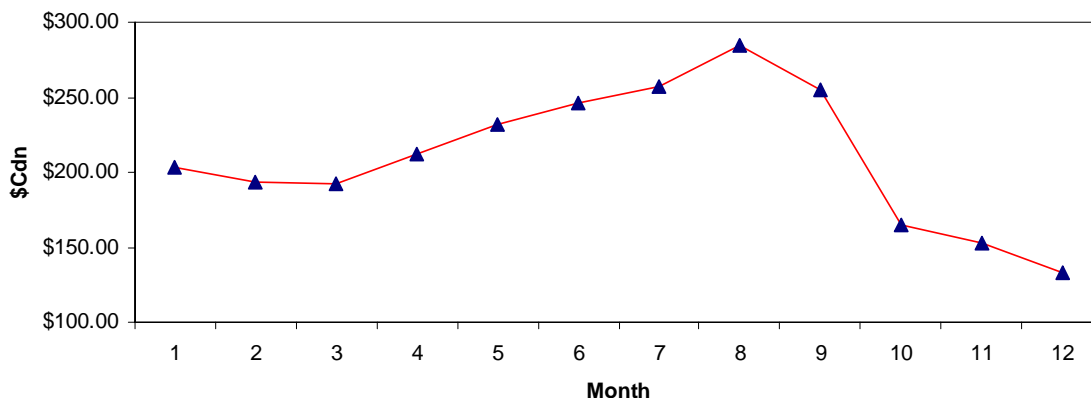
“The difficulties facing Alberta’s forest industry continue as North America struggles to work its way back to financial health,” said APFA President and CEO Brady Whittaker. “Overall, we are still seeing much weakness in key market indicators – like housing starts in Canada and the United States and reduced pulp and paper demand – that is negatively impacting our member companies. We are hopeful that late 2009 or early 2010 will show signs of recovery and lift our member’s spirits and financial performance.”

LUMBER – AFPA-member companies shipped 699.7 million board feet* (mmfbm) between October and December 2008 with a value of \$C108.5 million. Shipments were down a little more than one per cent from Q3-2008, however the value was down 42.5 per cent on slumping North American lumber prices. Alberta softwood lumber producers have now paid out about \$90 million in softwood lumber export taxes.

When comparing yearly lumber shipments and values, 2008 finished with 2,833.7 mmfbm shipped at a total value of \$601.3 million while 2007 results were 3,218.3mmfbm in shipments at a value of \$853.1 million. Year over year declines were 384.6 million board feet (down 12 per cent) and \$251.8 million (down 29.52 per cent).

The average monthly prices for Western Spruce-Pine-Fir 2x4 Standard or Better, per thousand board feet were \$C164.46 in October; \$C152.41 in November; and \$C132.73 in December. Part of this production came from the secondary manufacturing sector. (*A board foot (fbm) is the standard measure for lumber and is of 1"x 12"x 12" dimension or 144 cubic inches. A finished eight foot 2x4 that a consumer would purchase in a building supply store is equivalent to 5.33 board feet.)

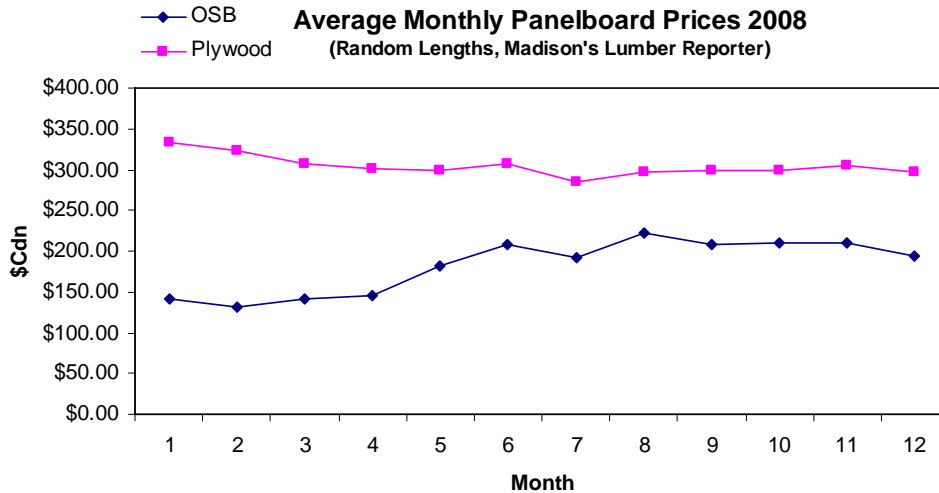
Average Monthly Lumber Prices 2008
(Random Lengths SPF Western Kiln Dried 2x4 STD&BTR, Random, Prices Net FOB, Mill)



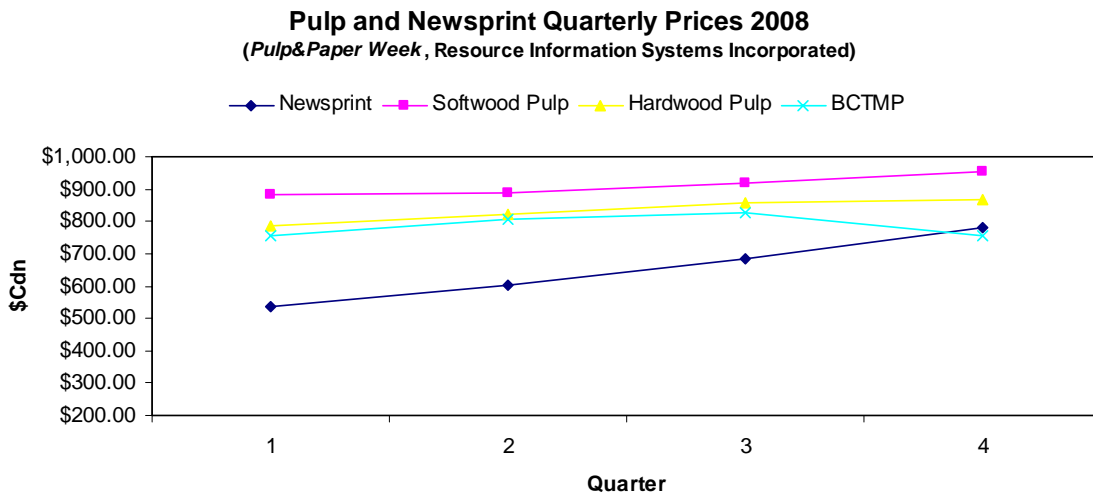
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PANELBOARD – AFPA-member panelboard operators produced 544.3 million square feet of 3/8th inch equivalent product in Q4-2008 valued at \$C65.6 million. Shipments and value were both down more than 11 per cent from the previous quarter. Production of Alberta panelboard products in 2008 finished at 1,204.6 million square feet with a value of \$274 million, compared to 2007 figures of 2,376.8 million ft² with a value of \$447.1 million. The value loss in the panelboard sector between 2008 and 2007 is \$173.1 million (38.72 per cent).

Average monthly prices for oriented strand board during the quarter were \$C210.37 per thousand square feet in October, \$C210.86 in November and \$C193.94 in December. Average monthly plywood prices were \$C295.75 per thousand square feet in October, \$C305.00 in November and \$C297.33 in December. The Q4-2008 price for medium-density fibreboard was \$C480.00 per thousand square feet.



PULP & PAPER – The AFPA’s pulp and paper sector total production in the fourth quarter was 444.9 thousand air dried metric tones (ADMT), down six per cent from Q3-2008 and down 11.5 per cent from Q4-2007. A year-to-year comparison shows that 2008 production was down less than one per cent from 2007. Value increased by almost seven per cent to \$1,549.3 million versus \$1,448.5 million in 2007. During the final quarter of 2008, average prices for pulp and paper types, per metric tonne were \$C956.03 for softwood pulp; \$C870.00 for hardwood pulp; \$C753.68 for Bleached chemi-thermo mechanical pulp and \$C780.85 for newsprint.



The *Alberta Forest Products Association* is a private, non-profit industry organization, representing lumber, panelboard, pulp and paper, and secondary manufacturing wood products companies operating in Alberta. The forest products industry is Alberta's third largest manufacturing industry and the second largest manufacturing export industry. AFPA member companies are active participants in sustainability advancements that benefit the industry, our environment and society.

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Background Information: Production and values charts for 2007 and 2008.

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BACKGROUND INFORMATION
PRODUCTION FIGURES AND VALUES – (2007 AND 2008)
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Lumber Year/Quarter	2007		2008	
	Production (mmfbm)	\$C Value (000,000s)	Production (mmfbm)	\$C Value (000,000s)
1 st Quarter	775.7	225.8	670.6	131.6
2 nd Quarter	953.3	261.4	753.9	172.8
3 rd Quarter	766.5	207.1	709.5	188.4
4 th Quarter	722.8	158.8	699.7	108.5
Yearly Totals	3,218.3	853.1	2,833.7	601.3

Source: Random Lengths (S-P-F, Western, Kiln Dried 2x4, Std&btr, Random, Prices Net FOB Mill)

Panelboard Year/Quarter	2007		2008	
	Production (mm sq ft)	\$Value (000,000s)	Production (mm sq ft)	\$C Value (000,000s)
1 st Quarter	720.3	126.5	308.6	60.9
2 nd Quarter	607.3	116.8	316.5	70.6
3 rd Quarter	563.0	112.1	312.7	73.9
4 th Quarter	486.2	91.7	266.8	65.6
Yearly Totals	2,376.8	447.1	1,204.6	274.0

Source: Random Lengths, Madison's Canadian Lumber Reporter

Pulp and Paper Year/Quarter	2007		2008	
	Production (Thousand Air Dried Metric Tonnes)	\$C Value (000,000s)	Production (Thousand Air Dried Metric Tonnes)	\$C Value (000,000s)
1 st Quarter	453.8	369.6	475.1	373.2
2 nd Quarter	444.3	344.0	465.1	380.6
3 rd Quarter	472.3	359.8	475.0	406.2
4 th Quarter	502.5	375.1	444.9	389.3
Yearly Totals	1872.9	1448.5	1,860.1	1,549.3

Source: Pulp & Paper Week - Resource Information Systems Incorporated

CUMULATIVE TOTALS - ALL AFPA SECTORS

Q4 2007 Value	\$625,600,000	2007 Total Value	\$2,748,700,000
Q4 2008 Value	\$563,400,000	2008 Total Value	\$2,424,600,000

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