



July 18, 2006

Paper & Forest Products

Sector Weighting:
Underweight

Q2 Preview For The Tree Stocks What To Expect

- We are looking for slightly better results this quarter relative to the previous quarter. Of the 14 companies covered in this report, eight are expected to show improving sequential results for Q2/2006. We expect a total of seven companies to report losses.
- Prices for many pulp and paper grades continued to improve in Q2. However, structural declines in paper demand remain a concern and energy-related shocks have adversely affected input costs and profitability levels for most companies.
- We are taking this opportunity to make downward revisions to our 2006 and 2007 commodity forecasts for both OSB and lumber. This reflects the recent price declines that have occurred despite stronger seasonal demand, and the quicker-than-expected correction in housing starts.
- Given these changes, we are making downward revisions to a number of our EPS estimates and price targets. Negatively affected are producers with building products exposure such as Canfor, West Fraser and Norbord in Canada, and Weyerhaeuser and LP in the U.S.

All figures in Canadian dollars, unless otherwise stated.

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See "Important Disclosures" section at the end of this report for important required disclosures, including potential conflicts of interest.

See "Price Target Calculation" and "Key Risks to Price Target" sections at the end of this report, or at the end of each section hereof, where applicable.

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Paper & Forest Products Industry Earnings Outlook

Earnings Per Share

Company	Ticker	Price	12-18 Month Price Target		Rating		FYE	Annual Earnings per Share						Quarterly Earnings per Share					
			Prior	Current	Prior	Curr		Year One		Year Two		Year Three		Year One		Year Two			
								Year	Prior	Current	Prior	Current	Prior	Current	Qtr	Prior	Current	Prior	Current
Abitibi-Consolidated Inc. (2a, 2e, 2f, 2g, 6a)	A	2.74	--	4.00	--	SP	Dec	2005	--	-0.40A	-0.26E	-0.29E	0.09E	0.08E	Q2-05	--	-0.06A	--	-0.07E
Bowater Inc. (9)	BOW	US\$20.52	--	US\$24.00	--	SP	Dec	2005	--	US\$-0.69A	US\$-0.35E	US\$-0.40E	US\$1.30E	US\$1.26E	Q2-05	--	US\$-0.05A	US\$-0.22E	US\$-0.25E
Canfor Corporation	CFP	12.00	12.50	12.00	--	SP	Dec	2005	--	0.63A	0.52E	0.17E	0.67E	0.59E	Q2-05	--	0.32A	0.05E	-0.07E
Cascades Inc. (2a, 2e, 2g, 4a, 4b, 7)	CAS	11.75	--	11.00	--	SP	Dec	2005	--	0.07A	0.34E	0.33E	--	0.50E	Q2-05	--	0.05A	0.18E	0.14E
Catalyst Paper Corporation	CTL	2.80	--	3.00	--	SP	Dec	2005	--	-0.22A	--	-0.13E	--	0.14E	Q2-05	--	-0.11A	--	-0.04E
Domtar Inc. (2a, 2c, 2d, 2g, 7)	DTC	7.20	--	6.00	--	SU	Dec	2005	--	-0.37A	-0.12E	-0.14E	0.17E	0.16E	Q2-05	--	0.01A	--	-0.04E
Fraser Papers (2g)	FPS	7.79	--	6.00	--	SU	Dec	2005	--	US\$-0.80A	US\$-0.22E	US\$-0.36E	US\$-0.15E	US\$-0.18E	Q2-05	--	US\$-0.17A	US\$-0.15E	US\$-0.25E
International Forest Products Limited (2g, 12)	IFP.A	6.32	--	8.50	--	SO	Dec	2005	--	0.19A	0.38E	0.39E	0.42E	0.40E	Q2-05	--	0.10A	--	0.04E
International Paper Co.	IP	US\$32.44	--	US\$34.00	--	SP	Dec	2005	--	US\$1.08A	US\$1.39E	US\$1.26E	US\$1.32E	US\$1.29E	Q2-05	--	US\$0.31A	US\$0.36E	US\$0.33E
Louisiana-Pacific Corp.	LPX	US\$20.08	US\$27.00	US\$25.00	--	SP	Dec	2005	--	US\$3.42A	US\$2.01E	US\$1.45E	US\$1.22E	US\$0.96E	Q2-05	--	US\$0.94A	US\$0.31E	US\$0.30E
Norbord Inc (2g)	NBD	9.10	11.00	10.00	--	SP	Dec	2005	--	US\$1.67A	US\$1.28E	US\$1.00E	US\$0.90E	US\$0.63E	Q2-05	--	US\$0.45A	US\$0.19E	US\$0.23E
Tembec Inc. (2g)	TBC	1.36	--	0.25	--	SU	Sep	2005	--	-3.87A	-3.37E	-3.51E	-2.79E	-2.85E	Q2-05	--	-0.58A	-0.67E	-0.78E
West Fraser Timber Co. Ltd. (2g)	WFT	39.45	50.00	48.00	--	SO	Dec	2005	--	1.90A	2.67E	2.37E	2.25E	2.14E	Q2-05	--	1.03A	0.49E	0.44E
Weyerhaeuser Co. (2a, 2e)	WY	US\$57.26	US\$68.00	US\$65.00	--	SP	Dec	2005	--	US\$4.24A	US\$4.18E	US\$3.76E	US\$4.02E	US\$3.93E	Q2-05	--	US\$1.34A	US\$0.98E	US\$0.90E

Source: Company notes and CIBC World Markets.

All figures in Canadian dollars, unless otherwise stated.

Important disclosure footnotes that correspond to the footnotes in this table may be found in the "Key to Important Disclosure Footnotes" section of this report.

Q2 Results – What To Expect

Prices for many pulp and paper grades continued to improve in Q2. However, structural declines in paper demand remain a concern and energy-related shocks have adversely affected input costs and profitability levels for most companies in recent quarters. Therefore, it's no surprise that pulp and paper producers continue to seek higher prices for their products to offset these cost pressures. The price of natural gas declined significantly in the quarter, but it remains relatively high by historical standards. On the other hand, oil prices increased sequentially and remain near historical highs.

Average prices for pulp, newsprint, uncoated freesheet (UFS) and containerboard all increased quarter over quarter. In contrast, average prices for specialty groundwood grades including coated and super-calendered papers were flat from the first to the second quarter. In the solid wood segment, prices for lumber and panels declined in tandem with weakness in the housing sector. Most pulp and paper grades, like those of NBSK pulp, newsprint, UFS and containerboard are above our normalized forecasts, while prices of lumber and oriented strand board (OSB) recently fell below our normalized estimates. It is important to consider that prices for pulp and most paper grades will need to stay above our normalized estimates for a considerable period of time before companies earn their cost of capital over the current cycle.

The Canadian dollar increased from Q1 to Q2 and continues to pressure Canadian paper and forest products companies. Nonetheless, the strong Canadian dollar should eventually lead to higher U.S. dollar commodity prices in some segments of the industry (e.g., lumber, pulp, newsprint/uncoated groundwood paper). Margins of Canadian operations are being squeezed in the short term.

We are making downward revisions to our 2006 and 2007 commodity forecasts for both OSB and lumber to reflect the recent price declines that have occurred despite stronger seasonal demand, and the quicker-than-expected correction in housing starts.

Given the changes to our commodity forecasts, we are making downward revisions to a number of our EPS estimates and price targets. The most negative revisions are for producers with building products exposure such as Canfor (CFP-SP), West Fraser Timber Co. (WFT-SO) and Norbord (NBD-SP) in Canada; and Weyerhaeuser (WY-SP) and Louisiana-Pacific (LPX-SP) in the U.S.

We are looking for slightly better results this quarter relative to the previous quarter. Our EPS estimates for the quarter ending June 30, 2006, are summarized in Exhibit 13 (note that the estimates are on a fully diluted basis and before unusual items and foreign exchange gains on long-term debt). Of the 14 companies covered in this report, eight are expected to show improving results for Q2/2006. We expect a total of seven companies to report losses, with Tembec (TBC-SU) likely posting the greatest loss.

Exhibit 1. Average Quarterly Commodity Prices (US\$)

	Units	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06
NBSK Pulp (N.E.)	m. ton	\$615	\$588	\$598	\$618	\$662
Newsprint	m. ton	605	620	637	657	673
Uncoated Freesheet	sh. ton	753	713	703	765	840
Lightweight Coated	sh. ton	1,000	1,027	1,010	995	995
Linerboard	sh. ton	490	448	475	515	565
Lumber	Mbf	359	328	327	344	318
OSB	Msf	297	296	319	286	239
OCC	sh. ton	85	73	63	61	72
Natural Gas	Mcf	6.95	9.71	12.86	7.88	6.67
Canadian Dollar	US\$	0.80	0.83	0.85	0.87	0.89

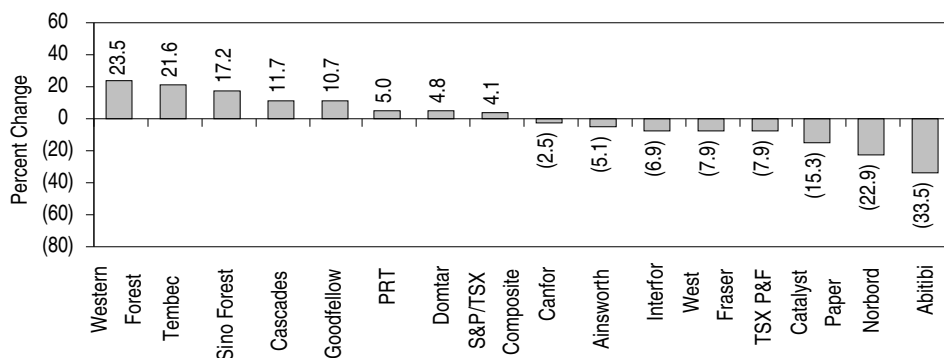
Source: Pulp & Paper Week, Random Lengths and CIBC World Markets Inc.

Exhibit 2. Annual Commodity Prices (US\$)

	Units	2000	2001	2002	2003	2004	2005	2006E	2007E	Current
NBSK Pulp (N.E.)	m. ton	\$680	\$547	\$462	\$525	\$617	\$611	\$665	\$680	\$705
Newsprint	m. ton	565	585	465	503	547	610	675	700	675
Uncoated Freesheet	sh. ton	755	715	692	628	676	727	820	800	840
Light Weight Coated	sh. ton	1,065	1,017	867	829	859	997	1,020	1,050	995
Linerboard	sh. ton	470	444	427	421	468	478	550	550	565
Lumber	Mbf	295	286	270	278	394	353	325	320	347
OSB	Msf	205	159	160	380	369	319	245	200	245
Canadian Dollar	US\$	0.67	0.65	0.64	0.72	0.77	0.83	0.88	0.89	0.90

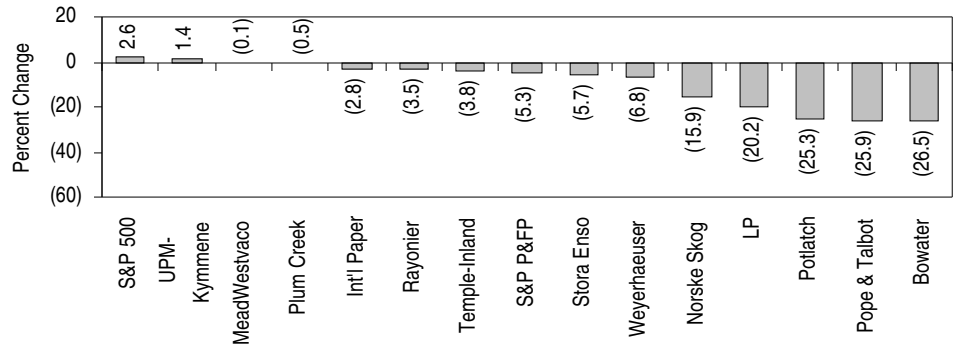
Source: Pulp & Paper Week, Random Lengths and CIBC World Markets Inc.

Roughly half of Canadian pulp and paper stocks rallied during the first half of 2006 (see Exhibits 3 and 4), while the others declined, some significantly. We think the stocks that rallied did so because of speculation on potential industry restructuring and anticipation of higher prices for selective pulp and paper grades. However, we expect that better prices will be muted, as the improved operating rates will be driven more by capacity closures than robust demand.

Exhibit 3. Canada – Year-to-date Share Performance

Source: Company reports and CIBC World Markets Inc.

Exhibit 4. U.S. And Europe – Year-to-date Share Performance



Source: Company reports and CIBC World Markets Inc.

With respect to the major commodities for the North American paper and forest products industry, the following points should be noted.

Pulp

During the second quarter, market pulp prices increased from an average of US\$618/tonne to an average of US\$662/tonne. This was due in large part to strong global demand, falling inventories and capacity closures in North America.

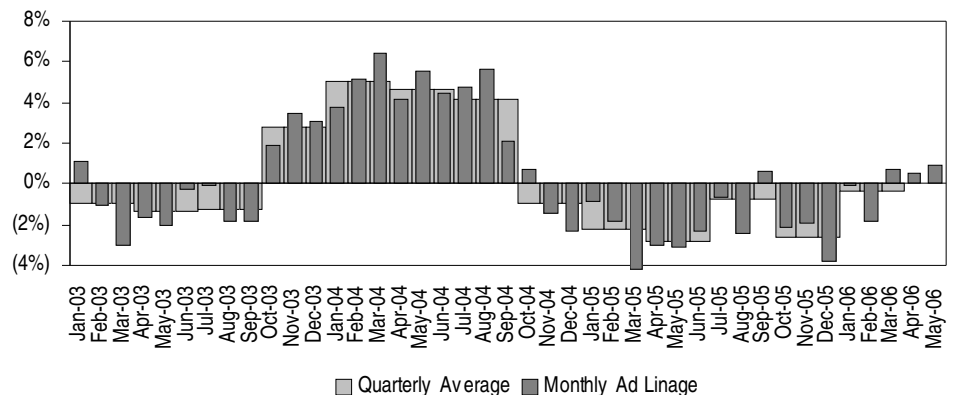
We expect NBSK market pulp prices to average US\$665/tonne in 2006 and US\$680/tonne in 2007. During 2005, NBSK prices averaged US\$611/tonne.

The three North American companies we cover with the greatest leverage to changes in pulp prices are Tembec and Canfor in Canada and Bowater (BOW-SP) in the U.S.

Newsprint

Average quarterly newsprint prices rose by US\$16/tonne from the first quarter to US\$673/tonne in the second quarter. Prices continued to rise despite a higher-than-expected drop in demand due to a strong operating rate in North America and the cost-push effect of a high Canadian dollar.

Exhibit 5. Key Driver: U.S. Newspaper Ad Linage – Year-over-year Change



Source: Company reports and CIBC World Markets Inc.

Newsprint prices averaged US\$610/tonne during 2005. We are forecasting prices to average US\$675/tonne in 2006 and US\$700/tonne in 2007.

The three North American companies we cover with the greatest leverage to changes in newsprint prices are Catalyst Paper (CTL-SP) and Abitibi-Consolidated (A-SP) in Canada and Bowater in the U.S.

Uncoated Freesheet (UFS)

UFS prices increased from an average of US\$765/ton in Q1 to an average of US\$840/ton in Q2. The improvement in prices reflects the successful implementation of a series of aggressive price increases and supply reductions from major producers. This has occurred despite the fact that demand has fallen by 1% so far this year.

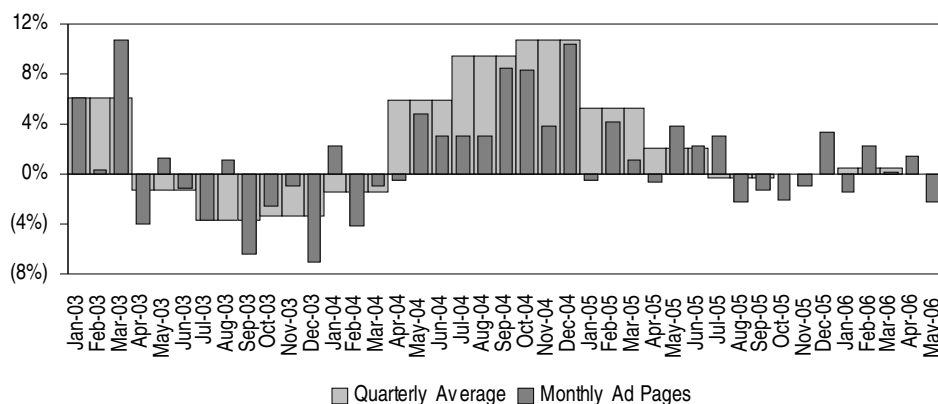
During 2005, UFS prices averaged US\$727/ton. We expect prices to average US\$820/ton in 2006 and US\$800/ton in 2007.

The three North American companies we cover with the greatest leverage to changes in UFS prices are Fraser Papers (FPS-SU) and Domtar (DTC-SU) in Canada and International Paper (IP-SP) in the U.S.

Lightweight Coated (LWC)

LWC prices remained flat during the quarter at an average of US\$995/ton. Growing inventories and a low operating rate have put pressure on prices and have prevented producers from gaining price traction in recent months.

Exhibit 6. Key Driver: U.S. Magazine Advertising Pages – Year-over-year Change



Source: PIB and CIBC World Markets Inc.

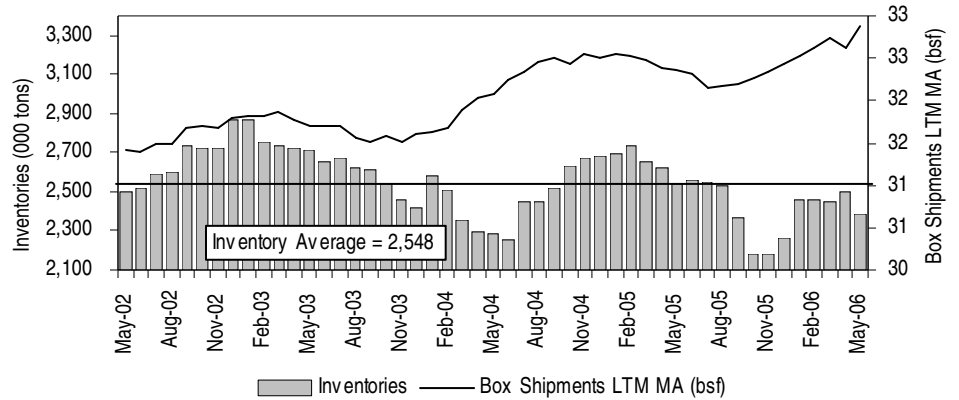
LWC prices averaged US\$997/ton in 2005. We expect prices to average US\$1,020/ton in 2006 and US\$1,050/ton in 2007.

The two North American companies we cover with the greatest leverage to changes in LWC prices are IP in the U.S. and Tembec in Canada.

Containerboard

Containerboard (linerboard) prices increased during Q2, with list prices averaging US\$565/tonne, significantly above the average price of US\$515/tonne in the previous quarter. Prices continued to improve due to strengthening North American demand and relatively low inventories.

Exhibit 7. U.S. Containerboard Inventories And Box Shipments



Source: AF&PA and CIBC World Markets Inc.

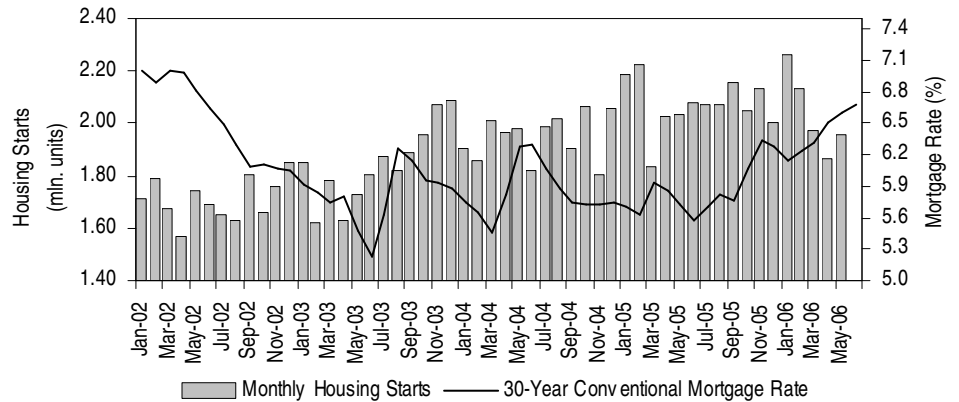
We are forecasting containerboard prices to average US\$550/tonne in 2006 and 2007. During 2005, containerboard prices averaged US\$478/tonne.

The two North American companies we cover with the greatest leverage to changes in containerboard prices are Weyerhaeuser in the U.S. and Cascades (CAS-SP) in Canada.

Lumber

Housing starts weakened during the first two months of the quarter due largely to higher interest rate levels. This helped cause average lumber prices to decline from US\$344/Mbfm in Q1 to US\$318/Mbfm last quarter.

Exhibit 8. Key Driver: U.S. Housing Starts (SAAR)



Source: Company reports and CIBC World Markets Inc.

During 2005, lumber prices averaged US\$353/Mbfm. Because of the faster-than-expected correction in housing starts, we are reducing our 2006 lumber forecast from US\$335/Mbfm to US\$325/Mbfm and our 2007 forecast from US\$325/Mbfm to US\$320/Mbfm.

The three North American companies we cover with the greatest leverage to changes in lumber prices are Canfor, West Fraser, and Tembec.

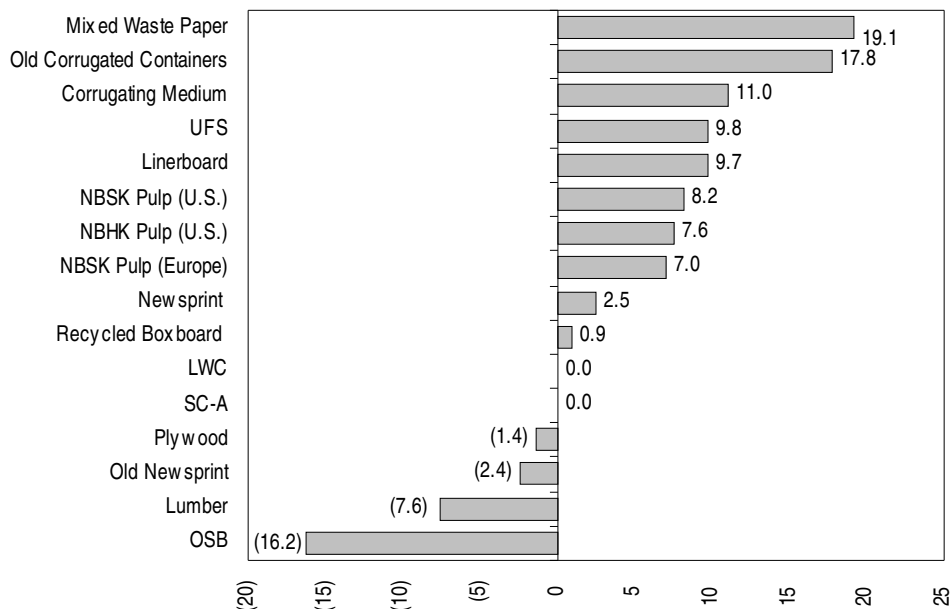
Oriented Strand Board (OSB)

OSB prices weakened in the second quarter relative to the first, averaging US\$239/Msf in Q2 versus US\$286/Msf in Q1. Current prices remain profitable for OSB producers.

During 2005, OSB prices averaged US\$319/Mbfm. Because of the faster-than-expected correction in housing starts, we are reducing our 2006 OSB forecast from US\$270/Msf to US\$245/Msf and our 2007 forecast from US\$220/Msf to US\$200/Msf.

The two North American companies we cover with the greatest leverage to changes in OSB prices are Louisiana-Pacific in the U.S. and Norbord in Canada.

Exhibit 9. Quarter-over-quarter Average Percentage Change In US\$ Commodity Prices, Q2/2006



Source: Paperloop, Random Lengths, and CIBC World Markets Inc.

Energy

Crude prices (NYMEX WTI near-term futures) increased 11% from an average of US\$63.48/Bbl in the first quarter to an average of US\$70.70/Bbl in the second quarter.

CIBC World Markets' oil team expects that crude oil markets will remain tight throughout the year. We are using a 2006 and 2007 oil price assumption of US\$65.00/Bbl for modeling purposes. The current price of crude oil is US\$75.30/Bbl.

Natural gas (NYMEX near-term futures) decreased from an average of US\$7.88/MMBtu in the first quarter to an average of US\$6.67/MMBtu in the second quarter.

Relative to 2005, CIBC World Markets' oil team expects that gas prices will average lower in 2006, but then increase in 2007. We are using a natural gas price of US\$8.50/Mcf in 2006 and US\$10.00 in 2007 for our models. The current price of natural gas is US\$5.78/Mcf.

Companies with the highest leverage to changes in fossil fuel prices are Tembec, Fraser Papers, and Cascades in Canada, and Bowater in the U.S.

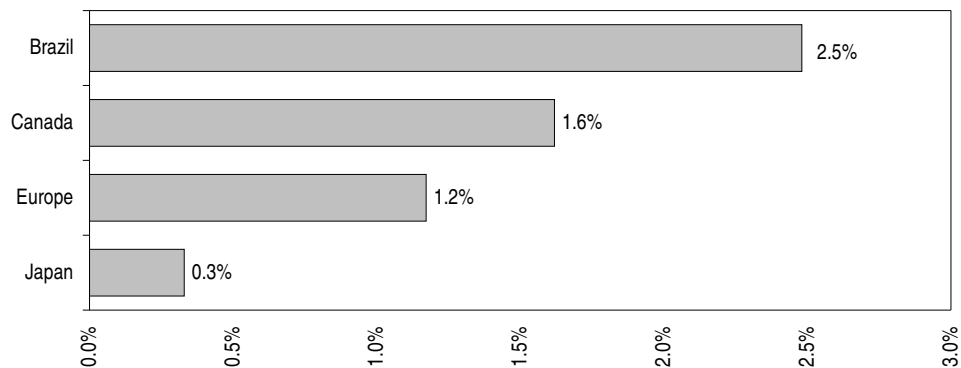
With regard to regulated electricity rates, they are expected to increase in some North American jurisdictions in 2006. Industrial rates are expected to increase by 5% in Quebec, 8% in New Brunswick, and between 12% and 15% in Nova Scotia.

Foreign Exchange

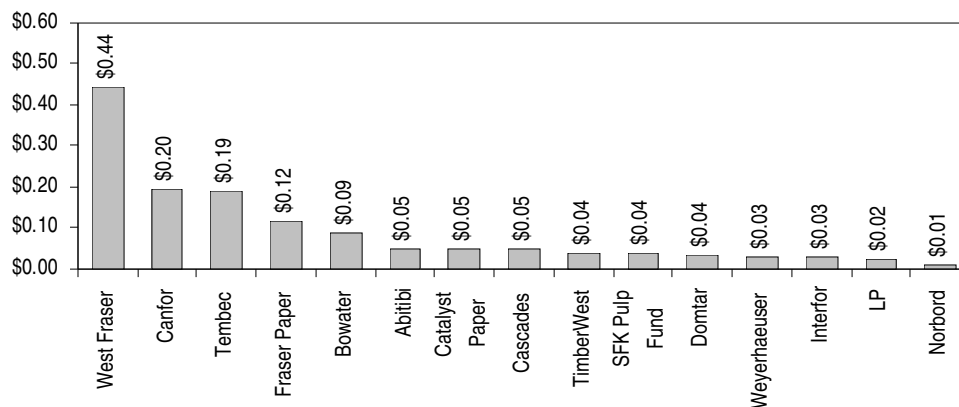
Exhibit 10 illustrates the change in value of key world currencies against the U.S. dollar during the second quarter. A positive change represents an appreciation of the given currency against the U.S. dollar. Changes in the current quarter indicate that the relative cost position of most foreign-based producers weakened during the quarter.

Companies with the highest leverage to changes in the US\$/C\$ rate are West Fraser and Tembec in Canada and Weyerhaeuser in the U.S.

Exhibit 10. Average Quarter-over-quarter Change In Value Of Key Currencies Versus The U.S. Dollar – Q2/2006



Source: Federal Reserve and CIBC World Markets Inc.

**Exhibit 11. EPS Sensivity To The C\$/US\$ Exchange Rate
(US\$0.01/change)**


Source: Company reports and CIBC World Markets Inc.

Unusual Items Specific To Canadian Companies

Given that the value of the Canadian dollar versus the U.S. dollar increased from the end of Q1 to the end of Q2, companies are expected to record relatively large foreign exchange gains on long-term debt in the quarter. Exhibit 12 details the estimated gains (losses) on long-term debt by company.

Exhibit 12. Expected Foreign Exchange Gains (Losses) On Long-term Debt (\$ mlns.)

	Q1/05	Q2/05	Q3/05	Q4/05	Q1/06	Expected Q2/06
Abitibi-Consolidated	(\$28.0)	(\$60.0)	\$206.0	\$2.0	(\$21.9)	\$183.9
Cascades	(2.0)	(7.0)	21.0	(2.0)	(0.0)	23.8
Catalyst Paper	(3.2)	(7.8)	38.4	2.7	(0.04)	33.4
Tembec	(16.7)	(20.1)	73.6	6.2	(3.0)	57.9
West Fraser	(3.2)	(6.7)	23.8	0.0	(1.5)	20.5
Closing US\$/C\$	0.83	0.816	0.860	0.861	0.856	0.896
Change In US\$/C\$	(0.006)	(0.010)	0.044	0.001	(0.005)	0.04

Source: Company reports, CIBC World Markets Inc.

Expected Quarterly Results

The following company-specific points are worth noting with respect to the quarterly earnings of the companies we follow. Our earnings estimates are before unusual items and foreign exchange losses/gains on long-term debt.

Abitibi-Consolidated Inc.

On July 26, we expect Abitibi-Consolidated to report a loss of \$0.07/share for Q2. This result is better than the loss of \$0.10/share reported in the previous quarter, but worse than the loss of \$0.06/share reported in the same quarter a year ago.

Results are expected to improve compared to the previous quarter, as the stronger Canadian dollar was more than offset by better newsprint prices and lower energy prices.

We are lowering our 2006E EPS estimate from (\$0.26) to (\$0.29) and our 2007E EPS estimate from \$0.09 to \$0.08 to reflect our lower lumber forecasts.

We have a Sector Performer rating on Abitibi-Consolidated.

Bowater Inc.

On July 27, we expect Bowater to report a loss of US\$0.25/share (a loss of US\$0.22/share previously) for Q2. This result is better than the loss of US\$0.33/share reported in the previous quarter, but worse than the loss of US\$0.05/share reported in the same quarter a year ago.

Compared to the previous quarter, results are expected to improve due to better newsprint and pulp prices, which helped offset a stronger Canadian dollar. During the quarter, the company also benefited from slightly lower recycled paper costs.

The company continues to focus on the completion of its US\$300-million timberland sale program. Bowater expects to generate US\$150 million in proceeds during Q2, bringing expected sale proceeds to US\$230 million by mid-year. At the end of 2006, Bowater anticipates it will exceed the \$300-million mark. We expect to see some of the US\$20 million in savings resulting from the closure of the company's 210,000 tonne "A" kraft pulp mill in Thunder Bay, which went down in May 2006. Further progress is also anticipated with the \$80 million cost reduction program that was announced in October 2005. A run rate of US\$22 million per year was achieved at the end of Q1.

In order to reflect our revised commodity forecasts, we are lowering our 2006E EPS estimate from (US\$0.35) to (US\$0.40) and our 2007E estimate from \$1.30 to \$1.26.

We have a Sector Performer rating on Bowater.

Canfor Corp.

On July 28, we expect Canfor to report a loss of \$0.07/share (profit of \$0.05/share previously) for Q2. This result is worse than the profit of \$0.15/share reported in the previous quarter, and the profit of \$0.32/share reported in the same quarter a year ago.

Canfor's results are expected to decline quarter over quarter due to weaker lumber and panel prices along with a stronger Canadian dollar. Weak building products prices were exacerbated by production difficulties in each of Canfor's product segments, including 50,000 Mbfm of lumber market-related downtime and 21,000 Msf of lost OSB production following a fire at its polarboard mill.

In order to reflect our revised commodity forecasts, we are lowering our 2006E EPS estimate from \$0.52 to \$0.17. We are also lowering our 2007E EPS estimate from \$0.67 to \$0.59 in order to reflect weaker lumber and panel prices next year.

As a result of our lower 2006E and 2007E EPS estimates, we are lowering our price target from \$12.50 to \$12.00.

We have a Sector Performer rating on Canfor.

Cascades Inc.

On August 2, we expect Cascades to report a profit of \$0.14/share (\$0.18/share previously) for Q2. This result is better than the profit of \$0.07/share reported in the previous quarter, and the profit of \$0.05/share reported in the same quarter a year ago.

Results are expected to improve from the previous quarter because of higher paperboard, paper, and tissue prices and lower energy prices. These positive factors were partially offset by the stronger Canadian dollar. Wastepaper price changes were mixed in the quarter, but prices remained generally low. Old corrugated container prices increased by 18%, old newspaper prices decreased by 3%, while the price of sorted office paper was up 7%.

We are lowering our 2006E EPS estimate from \$0.34 to \$0.33.

We have a Sector Performer rating on Cascades.

Catalyst Paper (Formerly NorskeCanada)

On August 1, we expect Catalyst Paper to report a loss of \$0.04/share for Q2. This result is better than the loss of \$0.05/share reported in the previous quarter, and the loss of \$0.11/share reported in the same quarter a year ago.

Despite the stronger Canadian dollar, results are expected to improve in Q2 as a result of better pulp and paper prices.

We have a Sector Performer rating on Catalyst Paper.

Domtar Inc.

On August 1, we expect Domtar to report a loss of \$0.04/share for Q2. This result is better than the loss before unusual items of \$0.13/share reported in the previous quarter, but worse than the profit of \$0.01/share reported in the same quarter a year ago.

Despite the stronger Canadian dollar, results are expected to be up over the previous quarter mainly due to higher UFS and containerboard prices and lower natural gas prices.

We are lowering our 2006E EPS estimate from (\$0.12) to (\$0.14) and our 2007E EPS estimate from \$0.17 to \$0.16 to reflect our lower lumber price assumptions.

We have a Sector Underperformer rating on Domtar.

Fraser Papers Inc.

On August 1, we expect Fraser Papers to report a loss of US\$0.25/share (a loss of US\$0.15/share previously) for Q2. This result is worse than the loss before unusual items of US\$0.14/share reported in the previous quarter, and the loss of US\$0.17/share reported in the same quarter a year ago.

Despite higher pulp and paper prices, results are expected to be down from the previous quarter as a result of higher oil prices, lower lumber prices and production curtailments. Given that Fraser Papers' fossil fuel requirement is largely in the form of oil, the company did not benefit from the drop in natural gas prices. In June, Fraser Papers idled its Edmundston, New Brunswick, pulp mill for nine days for repairs, a move that also stopped machines at the connected paper mill in Madawaska, Maine. The shutdowns cut its results in the second quarter by US\$5.3 million. The company also shutdown its two sawmill operations located in New Brunswick, beginning June 17 for two weeks, due to weak market conditions.

We are lowering our 2006E EPS estimate from a loss of US\$0.22 to a loss of US\$0.36 and our 2007E EPS estimate from a loss of US\$0.15 to a loss of US\$0.18 in order to reflect our lower lumber forecasts.

We have a Sector Underperformer rating on Fraser Papers.

International Forest Products Ltd. (Interfor)

On July 27, we expect Interfor (IFP.A-SO) to report a profit of \$0.04/share for Q2. This result is lower than the profit of \$0.11/share reported in the previous quarter, and the profit of \$0.10/share reported in the same quarter a year ago.

Earnings are expected to decline quarter over quarter as a result of lower lumber prices and the stronger Canadian dollar. We are expecting that higher hemlock and cedar prices more than offset weakness in commodity lumber. The company continues to trim non-core assets, having announced the sale of its Mackenzie sawmill and several other initiatives during the quarter.

To reflect our revised commodity forecasts and improving prices for higher-value grades, we are slightly increasing our 2006E EPS estimate from \$0.38 to \$0.39. We are lowering our 2007E EPS estimate from \$0.42 to \$0.40 to reflect lower lumber prices next year.

We have a Sector Outperformer rating on Interfor.

International Paper Co. (IP)

On August 1, we expect IP to report a profit of US\$0.33/share (US\$0.36/share previously) for Q2. This result is better than the profit of US\$0.19/share reported in the previous quarter, and the profit of US\$0.31/share reported in the same quarter a year ago.

Results are expected to improve quarter over quarter mainly because of higher prices for UFS paper and packaging products, which improved over the previous quarter, partially offset by lower lumber and panel prices. IP also benefited from lower natural gas prices in the second quarter. During the quarter, the company announced the sale of its coated/super-calendered business, kraft paper operations and the bulk of its timberlands for total gross proceeds of US\$8.2 billion.

In order to reflect our revised commodity forecasts, we are lowering our 2006E EPS estimate from US\$1.39 to US\$1.26 and our 2007E EPS estimate from US\$1.32 to US\$1.29.

We have a Sector Performer rating on IP.

Louisiana-Pacific Corp. (LP)

On July 26, we expect LP to report a profit of US\$0.30/share (US\$0.31/share previously) for Q2. This result is lower than the profit of US\$0.80/share reported in the previous quarter, and the profit of US\$0.94/share reported in the same quarter a year ago.

List prices for OSB were down 16% quarter over quarter. Even though roughly 50% of the company's OSB sales are done in advance (spot sales), we estimate that the company's average selling price was still down 14% from Q1. As a result, we expect weaker earnings for the company in Q2 quarter over quarter.

We are lowering our 2006E EPS estimate from US\$2.01 to US\$1.45. We are also lowering our 2007E EPS estimate from US\$1.22 to US\$0.96 to reflect lower OSB prices.

As a result of our lower 2006E and 2007E EPS estimates, we are lowering our price target from US\$27.00 to US\$25.00.

We have a Sector Performer rating on LP.

Norbord Inc.

On July 28, we expect Norbord to report a profit of US\$0.23/share (US\$0.19/share previously) for Q2. This result is lower than the profit of US\$0.40/share reported in the previous quarter and the profit of US\$0.45/share reported in the same quarter a year ago.

Norbord's results are expected to deteriorate from the previous quarter due to lower OSB prices.

We are lowering our 2006E EPS estimate from US\$1.28 to US\$1.00 and our 2007E EPS estimate from US\$0.90 to US\$0.63 as a result of our lower OSB price forecasts.

As a result of our lower 2006E and 2007E EPS estimates, we are lowering our price target from \$11.00 to \$10.00.

We have a Sector Performer rating on Norbord.

Tembec Inc.

On July 25, we expect Tembec to report a loss of \$0.78/share (a loss of \$0.67/share previously) for its fiscal Q3 (September 30 year-end). This result is better than the loss before unusual items of \$1.28/share reported in the previous quarter, but worse than the loss of \$0.58/share reported in the same quarter a year ago.

Results are expected to improve compared to the previous quarter, as the stronger Canadian dollar and lower lumber prices were more than offset by better pulp and newsprint prices.

We are lowering our 2006E EPS estimate from (\$3.37) to (\$3.51) and our 2007E EPS estimate from (\$2.79) to (\$2.85) to reflect our new lumber forecasts.

We have a Sector Underperformer rating on Tembec.

West Fraser Timber Co. Ltd.

Late on July 27, we expect West Fraser to report a profit of \$0.44/share (\$0.49/share previously) for Q2. This result is lower than the profit before unusual items of \$0.76/share reported in the previous quarter and the profit of \$1.03/share reported in the same quarter a year ago.

Earnings are expected to deteriorate quarter over quarter because of lower building materials prices and the stronger Canadian dollar. These negative factors were partially offset by higher pulp, containerboard and newsprint prices.

We are lowering our 2006E EPS estimate from \$2.67 to \$2.37 and our 2007E EPS estimate from \$2.25 to \$2.14 to reflect our lower lumber price assumption.

As a result of our lower 2006E and 2007E EPS estimates, we are lowering our price target from \$50.00 to \$48.00.

We have a Sector Outperformer rating on West Fraser.

Weyerhaeuser (Weyco)

On July 25, we expect Weyco to report a profit of US\$0.90/share (US\$0.98/share previously) for Q2. This is better than the US\$0.69/share profit reported in the previous quarter, but lower than the profit of US\$1.34/share reported in the same quarter a year ago.

We expect results to improve quarter over quarter as generally higher paper and packaging prices more than offset lower building products prices. The company also benefited from lower natural gas prices quarter over quarter. Results at the company's real estate segment are expected to moderate due to a softening housing market. Results in the timberland segment are also expected to slip slightly relative to Q1.

We are lowering our 2006E EPS estimate from US\$4.18 to US\$3.76 in order to reflect lower building products prices though the remainder of the year. We are also lowering our 2007E EPS estimate from US\$4.02 to US\$3.93.

As a result of our lower 2006E and 2007E EPS estimates, we are lowering our price target from US\$68.00 to US\$65.00.

We have a Sector Performer rating on Weyco.

Exhibit 13. Quarterly EPS Estimates And Reporting Dates

Company	Reporting Quarter	Reporting Date	Q2/05	Q3/05	Q4/05	Q1/06	Q2/06E	Q3/06E	Q4/06E	Calendar Years		
										2005	2006E	2007E
U.S. (US\$)												
Bowater	Q2	July 27	(0.05)	(0.17)	(0.25)	(0.33)	(0.25)	(0.07)	0.25	(0.69)	(0.40)	1.26
International Paper	Q2	August 1	0.31	0.29	0.12	0.19	0.33	0.39	0.35	1.08	1.26	1.29
Louisiana-Pacific	Q2	July 26	0.94	0.68	0.87	0.80	0.30	0.21	0.14	3.42	1.45	0.96
Weyerhaeuser	Q2	July 25	1.34	0.93	0.94	0.69	0.90	1.07	1.10	4.24	3.76	3.93
Canada (C\$)												
Abitibi-Consolidated	Q2	July 26	(0.06)	(0.09)	(0.12)	(0.10)	(0.07)	(0.09)	(0.03)	(0.40)	(0.29)	0.08
Canfor	Q2	July 28	0.32	(0.07)	(0.09)	0.15	(0.07)	0.05	0.04	0.63	0.17	0.59
Cascades	Q2	August 2	0.05	0.02	0.01	0.07	0.14	0.09	0.03	0.07	0.33	0.50
Domtar	Q2	August 1	0.01	(0.17)	(0.25)	(0.13)	(0.04)	0.02	0.01	(0.37)	(0.14)	0.16
Fraser Papers (US\$)	Q2	August 1	(0.17)	(0.16)	(0.57)	(0.14)	(0.25)	(0.03)	0.06	(0.80)	(0.36)	(0.18)
Interfor	Q2	July 27	0.10	(0.05)	0.01	0.11	0.04	0.10	0.14	0.19	0.39	0.40
Norbord (US\$)	Q2	July 28	0.45	0.31	0.36	0.40	0.23	0.21	0.16	1.67	1.00	0.63
Catalyst Paper	Q2	August 1	(0.11)	0.01	(0.03)	(0.05)	(0.04)	(0.04)	0.00	(0.22)	(0.13)	0.14
Tembec	Q3	July 25	(0.58)	(1.49)	(1.07)	(1.28)	(0.78)	(0.69)	(0.76)	(3.87)	(3.51)	(2.85)
West Fraser	Q2	July 27	1.03	(0.23)	0.11	0.76	0.44	0.65	0.52	1.90	2.37	2.14

Source: Company reports and CIBC World Markets Inc.

Price Target Calculations

Our target multiples reflect historical valuations. Historically, the U.S. paper and forest products stocks have traded at an average TEV/EBITDA multiple of 6.5x, while the Canadian stocks have traded at an average TEV/EBITDA multiple of 5.0x. Difference in target multiples within the national industries reflects the difference in the trading liquidity of the various stocks.

Based on a multiple of 6.00x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of US\$24.00 on **Bowater**. Our target multiple reflects historical valuation.

Based on a multiple of 7.25x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007 EBITDA), we have a price target of US\$34.00 on **IP**. Our target multiple reflects a liquidity premium on average historical valuation in the sector.

Based on a multiple of 6.25x our 2007E EBITDA estimate of US\$264 million, we have a price target of US\$25.00 on **LP**. The company's lower target multiple reflects its lower capitalization and resulting loss of trading liquidity.

Based on a multiple of 7.25x our target EBITDA (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of US\$65.00 on **Weyco**. Our target multiple reflects a liquidity premium on average historical valuation in the sector.

Our price target of \$4.00 on **Abitibi-Consolidated** is based on a multiple of 6.00x our target EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA). Our target multiple is at a premium to the average historical valuation in Canada due to the company's higher liquidity.

Based on a multiple of 6.00x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$12.00 on **Canfor**. Our target multiple is at a premium to the average historical valuation in Canada due to the company's higher liquidity.

Based on a multiple of 6.25x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$11.00 on **Cascades**. Our target multiple reflects a premium to average historical valuation in the sector due to the defensive nature of the company.

Based on a multiple of 5.25x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$3.00 on **Catalyst Paper**. Our target multiple reflects historical valuation.

Based on a multiple of 6.00x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$6.00 on **Domtar**. Our target multiple is at a premium to the average historical valuation in Canada due to the company's higher liquidity.

Based on a multiple of 4.50x our blended EBITDA estimate (25% of 2006 EBITDA and 75% of 2007 EBITDA), we have a price target of \$6.00 on **Fraser Papers**.

Based on a multiple of 4.50x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$8.50 on **Interfor**. Our target multiple reflects historical valuation.

Based on a multiple of 6.25x our 2007E EBITDA estimate, we have a price target of \$10.00 on **Norbord**. Our target multiple is at a premium to the average historical valuation in Canada due to the company's lower capital intensity.

Based on a multiple of 5.0x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$0.25 on **Tembec**. Our target multiple reflects historical valuation.

Based on a multiple of 5.50x our blended EBITDA estimate (25% of 2006E EBITDA and 75% of 2007E EBITDA), we have a price target of \$48.00 on **West Fraser**. Our target multiple reflects historical valuation.

Key Risks To Price Targets

Potential risks to our price targets include a weaker-than-expected global economy, which would prevent commodity prices from recovering to their normalized levels.

Income Statements

Exhibit 14. Abitibi Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$5,342.0	\$5,012.1	\$5,247.3
Cost Of Sales	\$5,002.0	\$4,403.1	\$4,416.4
EBITDA	\$340.0	\$609.0	\$830.9
Depreciation	\$535.0	\$440.0	\$416.3
Operating Profit	(\$195.0)	\$169.0	\$414.6
Financial Expenses	\$394.0	\$321.6	\$301.6
Earnings Before Income Taxes	(\$589.0)	(\$152.6)	\$113.0
Income Taxes	(\$266.0)	(\$70.9)	\$40.7
Minority Interest	(\$27.0)	(\$36.0)	(\$36.0)
Net Earnings	(\$350.0)	(\$117.7)	\$36.3
Net Earnings Per Common Share (Fully Diluted)	(\$0.80)	(\$0.27)	\$0.08
Net Earnings Per Share Before Unusual Items	(\$0.40)	(\$0.29)	\$0.08

Source: Company reports and CIBC World Markets Inc.

Exhibit 15. Bowater Income Statement (US\$ mlns.)

	2005A	2006E	2007E
Sales	\$3,483.7	\$3,673.8	\$3,915.7
Cost Of Sales	2,983.2	3,159.0	3,302.0
EBITDA	500.5	514.8	613.7
Depreciation	396.6	324.4	307.5
Operating Profit	103.9	190.4	306.1
Other Expenses (Gains)	0.0	(21.4)	0.0
Financial Expenses	194.5	193.2	189.5
Earnings Before Income Taxes	(90.6)	18.6	116.6
Income Taxes	39.3	17.5	44.3
Minority Interest	9.8	0.0	0.0
Net Earnings	(\$120.1)	\$1.0	\$72.3
Net Earnings Per Common Share	(\$2.09)	(\$0.35)	\$1.26
Net Earnings Per Common Share Before Unusuals	(\$0.69)	(\$0.40)	\$1.26

Source: Company reports and CIBC World Markets Inc.

Exhibit 16. Canfor Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$3,626.1	\$3,993.8	\$4,315.8
Cost Of Sales	\$3,325.2	\$3,723.9	\$3,987.8
EBITDA	\$300.9	\$269.9	\$328.0
Depreciation	\$155.1	\$167.7	\$166.9
Operating Profit	\$145.8	\$102.2	\$161.2
Other Expenses (Gains)	(\$2.3)	(\$2.4)	(\$2.4)
Financial Expenses	\$42.2	\$36.5	\$35.3
Earnings Before Income Taxes	\$105.9	\$68.1	\$128.3
Income Taxes	\$9.9	\$23.0	\$44.1
Net Earnings	\$96.0	\$45.1	\$84.2
Net Earnings Per Share (Fully Diluted)	\$0.67	\$0.32	\$0.59
Net Earnings Per Share (Fully Diluted) Before Unusuals	\$0.63	\$0.17	\$0.59

Source: Company reports and CIBC World Markets Inc.

Exhibit 17. Cascades Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$3,460.0	\$3,314.7	\$3,310.2
Cost Of Sales	\$3,348.0	\$3,036.7	\$3,019.1
EBITDA	\$112.0	\$278.0	\$291.1
Depreciation	\$174.0	\$160.0	\$154.9
Operating Profit	(\$62.0)	\$118.0	\$136.2
Financial Expenses	\$83.0	\$84.0	\$82.4
Earnings Before Income Taxes	(\$145.0)	\$34.0	\$53.8
Income Taxes	(\$41.0)	\$13.4	\$19.4
Other Income	\$7.0	\$6.0	\$6.0
Net Earnings	(\$97.0)	\$26.6	\$40.5
Net Earnings Per Common Share	(\$1.20)	\$0.33	\$0.50
EPS Before Unusuals	\$0.07	\$0.33	\$0.50

Source: Company reports and CIBC World Markets Inc.

Exhibit 18. Catalyst Paper Income Statement (\$ mlns.)

	2005A	2006E	2007E
Net Sales	\$1,823.9	\$1,862.8	\$2,039.2
EBITDA	184.4	215.4	288.0
Depreciation, Depletion And Amort.	180.3	182.4	168.7
EBIT	4.1	33.0	119.3
Net Interest Income (Expense)	(75.7)	(73.6)	(71.5)
Earnings Before Income Taxes	(71.6)	(40.6)	47.8
Income Taxes Expense (Recovery)	(46.6)	(13.9)	16.3
Net Earnings (Net Loss)	(25.0)	(26.7)	31.5
Average Number of Shares O/S (000)	214,603	214,600	214,600
Net Earnings Per Share	(0.12)	(0.12)	0.14
EPS Before Unusuals	(0.22)	(0.13)	0.14

Source: Company reports and CIBC World Markets Inc.

Exhibit 19. Domtar Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$4,966.0	\$4,720.2	\$4,906.9
Cost Of Sales	\$5,054.0	\$4,310.3	\$4,353.9
EBITDA	(\$88.0)	\$409.9	\$552.9
Depreciation	\$375.0	\$320.0	\$312.1
Operating Profit	(\$463.0)	\$89.9	\$240.8
Other Expenses (Gains)	\$0.0	\$0.0	\$0.0
Financial Expenses	\$150.0	\$148.9	\$168.6
Earnings Before Income Taxes	(\$613.0)	(\$59.0)	\$72.3
Income Taxes	(\$225.0)	(\$28.2)	\$34.6
Minority Interest	\$0.0	\$0.0	\$0.0
Net Earnings	(\$388.0)	(\$30.8)	\$37.7
Net Earnings Per Common Share (Fully Diluted)	(\$1.69)	(\$0.14)	\$0.16
EPS Before Unusual Items	(\$0.37)	(\$0.14)	\$0.16

Source: Company reports and CIBC World Markets Inc.

Exhibit 20. Fraser Papers Income Statement (US\$ mlns.)

	2005A	2006E	2007E
Sales	\$918.0	\$876.9	\$866.3
Cost Of Sales	\$917.0	\$826.4	\$850.9
EBITDA	\$1.0	\$50.6	\$15.4
Depreciation	\$39.0	\$153.0	\$29.3
Operating Profit	(\$38.0)	(\$102.4)	(\$14.0)
Financial Expenses	\$9.0	\$8.0	\$6.7
Earnings Before Income Taxes	(\$47.0)	(\$110.4)	(\$20.6)
Income Taxes	(\$26.0)	(\$17.8)	(\$7.2)
Net Earnings	(\$21.0)	(\$92.6)	(\$13.4)
Net Earnings Per Share	(\$0.98)	(\$0.36)	(\$0.18)
Net Earnings Per Share Before Unusuals	(\$0.80)	(\$0.36)	(\$0.18)

Source: Company reports and CIBC World Markets Inc.

Exhibit 21. Interfor Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$804,876	\$830,133	\$829,518
Cost Of Sales	\$737,277	\$744,217	\$743,088
EBITDA	\$67,599	\$85,916	\$86,430
Depreciation	\$57,455	\$56,676	\$56,676
Operating Profit	\$10,144	\$29,240	\$29,754
Other Expenses	\$4,674	\$5,411	\$6,090
Earnings Before Income Taxes	\$5,470	\$23,829	\$23,664
Income Taxes	(\$7,218)	\$7,786	\$7,572
Net Earnings	\$12,688	\$16,043	\$16,091
Net Earnings Per Common Share	\$0.40	\$0.40	\$0.40
Net Earnings Per Share Before Unusual Items	\$0.19	\$0.39	\$0.40

Source: Company reports and CIBC World Markets Inc.

Exhibit 22. International Paper Income Statement (US\$ mlns.)

	2005A	2006E	2007E
Sales	\$24,094	\$23,187	\$23,581
Cost Of Sales	\$21,539	\$20,517	\$21,184
EBITDA	\$2,555	\$2,670	\$2,397
Depreciation	\$1,376	\$1,200	\$1,075
Operating Profit	\$1,179	\$1,470	\$1,322
Other Expenses (Gains)	\$0	\$1	\$2
Financial Expenses	\$593	\$419	\$375
Earnings Before Income Taxes	\$586	\$1,050	\$945
Income Taxes	(\$285)	\$336	\$312
Minority Interest	(\$12)	(\$5)	\$0
Net Earnings	\$859	\$709	\$632
Net Earnings Per Common Share	\$1.77	\$1.44	\$1.29
EPS Before Unusual Items (FD)	\$1.08	\$1.26	\$1.29

Source: Company reports and CIBC World Markets Inc.

Exhibit 23. Louisiana-Pacific Income Statement (US\$ mlns.)

	2005A	2006E	2007E
Sales	\$2,599	\$2,415	\$2,308
Cost Of Sales	\$1,947	\$2,085	\$2,045
EBITDA	\$652	\$330	\$264
Depreciation	\$133	\$138	\$153
Operating Profit	\$520	\$192	\$110
Other Expenses (Gains)	\$0	\$0	\$1
Financial Expenses	(\$17)	(\$40)	(\$39)
Earnings Before Income Taxes	\$536	\$232	\$148
Income Taxes	\$61	\$81	\$49
Other	\$1	\$2	\$3
Net Earnings	\$476	\$154	\$102
Net Earnings Per Share (Fully Diluted)	\$3.42	\$1.45	\$0.96
EPS Before Unusuals	\$3.42	\$1.45	\$0.96

Source: Company reports and CIBC World Markets Inc.

Exhibit 24. Norbord Income Statement (US\$ mlns.)

	2005A	2006E	2007E
Sales	\$1,462	\$1,359	\$1,271
Cost Of Sales	\$965	\$1,040	\$1,042
EBITDA	\$497	\$319	\$229
Depreciation	\$89	\$88	\$86
Operating Profit	\$408	\$231	\$143
Financial Expenses	\$27	\$24	\$11
Earnings Before Income Taxes	\$381	\$207	\$133
Income Taxes	\$133	\$62	\$40
Net Earnings	\$248	\$145	\$93
Net Earnings Per Common Share	\$1.67	\$0.99	\$0.63
EPS Before Unusuals	\$1.67	\$1.00	\$0.63

Source: Company reports and CIBC World Markets Inc.

Exhibit 25. Tembec Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$3,506	\$3,302	\$3,167
Cost Of Sales	\$3,650	\$3,373	\$3,104
EBITDA	(\$144)	(\$71)	\$62
Depreciation	\$241	\$223	\$187
Operating Profit	(\$386)	(\$294)	(\$125)
Other Expenses (Gains)	\$0	\$0	\$0
Financial Expenses	\$59	\$136	\$147
Earnings Before Income Taxes	(\$445)	(\$429)	(\$271)
Income Taxes	(\$66)	(\$49)	(\$27)
Minority Interest	(\$0)	\$0	\$0
Net Earnings	(\$379)	(\$381)	(\$244)
Net Earnings Per Share	(\$4.42)	(\$4.45)	(\$2.85)
Weighted Average Number Of Common Shares	85.6	85.6	85.6
Net Earnings Per Share Before Unusual	(\$3.87)	(\$3.51)	(\$2.85)

Source: Company reports and CIBC World Markets Inc.

Exhibit 26. West Fraser Income Statement (\$ mlns.)

	2005A	2006E	2007E
Sales	\$3,576.7	\$3,598.1	\$3,575.9
Cost Of Sales	\$3,121.5	\$3,183.6	\$3,151.6
EBITDA	\$455.2	\$414.5	\$424.3
Depreciation	\$255.4	\$253.8	\$250.8
Operating Profit	\$199.9	\$160.7	\$173.5
Other Expenses (Gains)	\$0.0	\$0.0	\$0.0
Financial Expenses	\$48.4	\$40.0	\$29.6
Earnings Before Income Taxes	\$151.4	\$120.7	\$143.8
Income Taxes	\$42.3	\$43.5	\$51.8
Net Earnings	\$109.1	\$77.1	\$92.1
Net Earnings Per Share	\$2.49	\$1.79	\$2.14
EPS Before Unusual Items	\$1.90	\$2.37	\$2.14

Source: Company reports and CIBC World Markets Inc.

Exhibit 27. Weyerhaeuser Income Statement (US\$ mlns.)

	2005A	2006E	2007E
Sales	\$22,886.0	\$21,740.7	\$21,821.1
Cost Of Sales	\$19,338.0	\$18,647.1	\$18,662.8
EBITDA	\$2,968.0	\$2,301.7	\$3,104.8
Depreciation	\$1,329.0	\$1,260.0	\$1,260.0
Operating Profit	\$1,639.0	\$1,041.7	\$1,844.8
Other Expenses (Gains)	\$0.0	\$1.0	\$2.0
Financial Expenses	\$580.0	\$325.0	\$336.5
Earnings Before Income Taxes	\$1,059.0	\$715.7	\$1,506.3
Income Taxes	\$326.0	\$529.3	\$543.0
Minority Interest	\$0.0	\$0.0	\$0.0
Net Earnings	\$733.0	\$186.4	\$963.3
Net Earnings Per Share (Fully Diluted)	\$2.99	\$0.76	\$3.93
EPS Before Unusuals	\$4.24	\$3.76	\$3.93

Source: Company reports and CIBC World Markets Inc.

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Stock Prices as of 07/18/2006:

Abitibi-Consolidated Inc. (2a, 2e, 2f, 2g, 6a) (A-TSX, \$2.67, Sector Performer)
Bowater Inc. (9) (BOW-NYSE, US\$20.48, Sector Performer)
Canfor Corporation (CFP-TSX, \$11.86, Sector Performer)
Cascades Inc. (2a, 2e, 2g, 4a, 4b, 7) (CAS-TSX, \$11.77, Sector Performer)
Catalyst Paper Corporation (CTL-TSX, \$2.74, Sector Performer)
Domtar Inc. (2a, 2c, 2d, 2g, 7) (DTC-TSX, \$7.25, Sector Underperformer)
Fraser Papers (2g) (FPS-TSX, \$7.70, Sector Underperformer)
International Forest Products Limited (2g, 12) (IFP.A-TSX, \$6.28, Sector Outperformer)
International Paper Co. (IP-NYSE, US\$32.50, Sector Performer)
Louisiana-Pacific Corp. (LPX-NYSE, US\$20.27, Sector Performer)
Norbord Inc (2g) (NBD-TSX, \$9.01, Sector Performer)
PRT Forest Regeneration Income Fund (2g, 7) (PRT.UN-TSX, \$11.25, Sector Performer)
SFK Pulp Fund (2g) (SFK.UN-TSX, \$4.34, Sector Underperformer)
Tembec Inc. (2g) (TBC-TSX, \$1.31, Sector Underperformer)
TimberWest Forest Corp. (2g, 6a, 7) (TWF.UN-TSX, \$14.78, Sector Performer)
West Fraser Timber Co. Ltd. (2g) (WFT-TSX, \$39.84, Sector Outperformer)
Weyerhaeuser Co. (2a, 2e) (WY-NYSE, US\$56.35, Sector Performer)

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Ainsworth (ANS-TSX, \$19.51, Not Rated)
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Norske Skogindustrier ASA (NSG-OL, [NOK]89.50, Not Rated)
Plum Creek Timber Co. Ltd. (PCL-NYSE, US\$34.13, Not Rated)
Pope & Talbot Inc. (POP-NYSE, US\$5.29, Not Rated)
Potlatch Corp. (PCH-NYSE, US\$34.59, Not Rated)
Rayonier Inc. (RYN-NYSE, US\$36.89, Not Rated)
Sino-ForestCorp (TRE-TSX, \$5.63, Not Rated)
Stora Enso Oyj (SEO-NYSE, US\$13.56, Not Rated)
Temple Inland Inc. (TIN-NYSE, US\$40.80, Not Rated)
UPM-Kymmene Corp. (UPM-NYSE, US\$20.49, Not Rated)
Western Forest Products Inc. (WEF-TSX, \$1.80, Not Rated)

Important disclosure footnotes that correspond to the footnotes in this table may be found in the "Key to Important Disclosure Footnotes" section of this report.

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CIBC World Markets Price Chart

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CIBC World Markets' Stock Rating System

Abbreviation	Rating	Description
Stock Ratings		
SO	Sector Outperformer	Stock is expected to outperform the sector during the next 12-18 months.
SP	Sector Performer	Stock is expected to perform in line with the sector during the next 12-18 months.
SU	Sector Underperformer	Stock is expected to underperform the sector during the next 12-18 months.
NR	Not Rated	CIBC World Markets does not maintain an investment recommendation on the stock.
R	Restricted	CIBC World Markets is restricted*** from rating the stock.
Sector Weightings**		
O	Overweight	Sector is expected to outperform the broader market averages.
M	Market Weight	Sector is expected to equal the performance of the broader market averages.
U	Underweight	Sector is expected to underperform the broader market averages.
NA	None	Sector rating is not applicable.

**Broader market averages refer to the S&P 500 in the U.S. and the S&P/TSX Composite in Canada.

"Speculative" indicates that an investment in this security involves a high amount of risk due to volatility and/or liquidity issues.

***Restricted due to a potential conflict of interest.

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(as of 18 Jul 2006)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	323	39.5%	Sector Outperformer (Buy)	178	55.1%
Sector Performer (Hold/Neutral)	396	48.5%	Sector Performer (Hold/Neutral)	190	48.0%
Sector Underperformer (Sell)	71	8.7%	Sector Underperformer (Sell)	36	50.7%
Restricted	19	2.3%	Restricted	18	94.7%

Ratings Distribution: Paper & Forest Products Coverage Universe

(as of 18 Jul 2006)	Count	Percent	Inv. Banking Relationships	Count	Percent
Sector Outperformer (Buy)	2	14.3%	Sector Outperformer (Buy)	2	100.0%
Sector Performer (Hold/Neutral)	9	64.3%	Sector Performer (Hold/Neutral)	4	44.4%
Sector Underperformer (Sell)	3	21.4%	Sector Underperformer (Sell)	3	100.0%
Restricted	0	0.0%	Restricted	0	0.0%

Paper & Forest Products Sector includes the following tickers: A, BOW, CAS, CFP, CTL, DTC, FPS, IFP.A, IP, LPX, NBD, TBC, WFT, WY.

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