

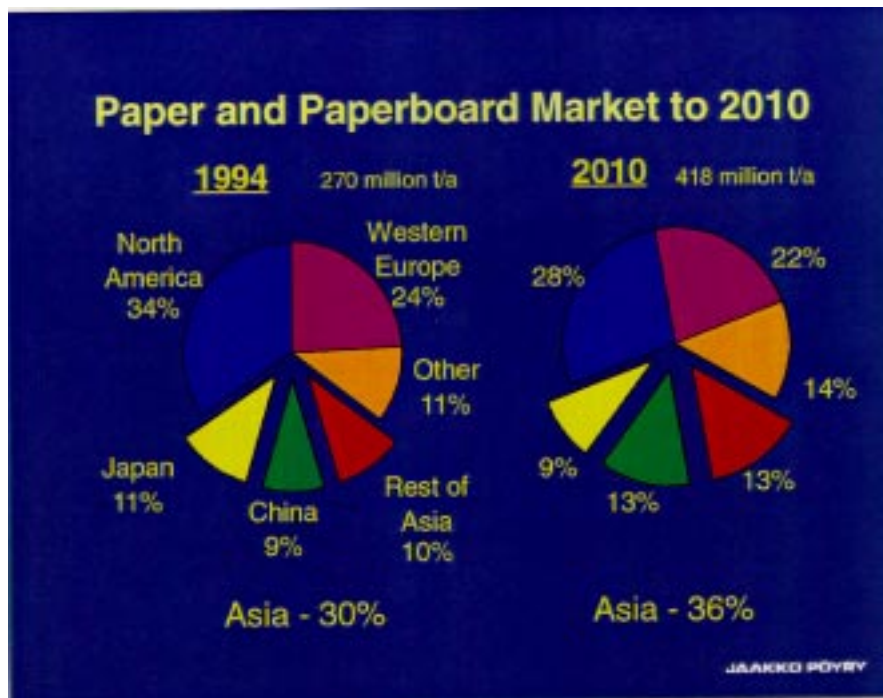
Demand

- Pulp and Paper
 - Globally Slowing Rate
 - Asia-Major Growth - Post Turmoil
 - Mature Economies - Slowing Rate
 - Printing and Writing Key Sector

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SLIDE 6: PULP AND PAPER DEMAND

These are the key trends in demand for pulp and paper products.

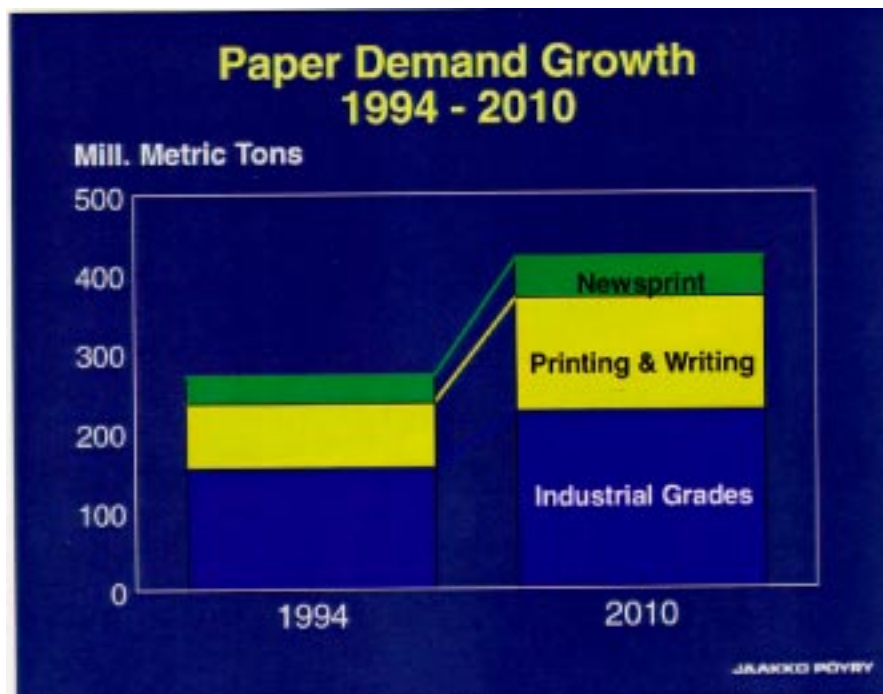


SLIDE 7: WORLD PAPER AND PAPERBOARD DEMAND BY REGION

Rate of growth is globally slowing, but still increasing in volume terms with a projected global average annual demand growth from 1994 to 2010 at over 9 million mt.

The strongest growth will come from the rapidly developing Asian economies. Asia now accounts for 30% of demand but will increase to 36% by 2010. Per capita demand in China is projected to almost double from 21 kg/year to 40 by 2010.

Japan, North America, and Europe—more developed economies—slowing rate of growth but still significant in volume terms (NA 1.7m mt and Eu 2.1).



SLIDE 8: PAPER DEMAND GROWTH

While there will be growth in other sectors, the strongest growth will be in the printing and writing grades

- Increased literacy rates
- Relaxed restrictions on media in Asian countries
- Solid growth of catalogs and magazines
- Also, huge increases in use of computer printers and copiers spurring growth of the hardwood-dominated uncoated freesheet papers.

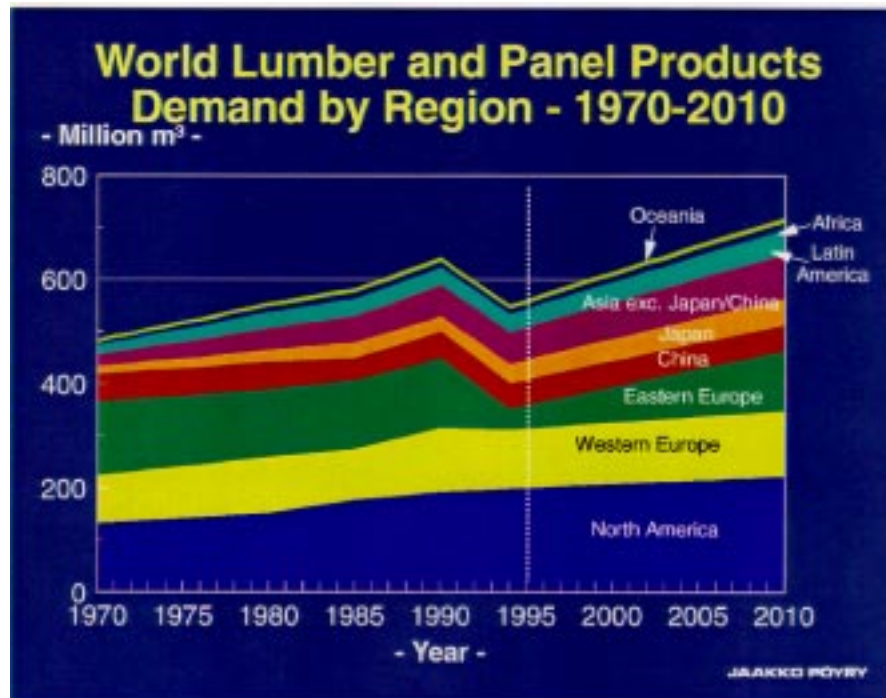
Demand For Solid Wood Products

- Overall, - Regaining Trend Growth -- Post Communist
- Increasing Demand Growth - Reconstituted Panels & H'wood Lumber
- Declining Demand Growth - Ply and Veneer

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SLIDE 9: DEMAND FOR SOLID WOOD PRODUCTS

This slide highlights the key trends in terms of global demand for solid wood products.



SLIDE 10: WORLD LUMBER AND PANEL PRODUCTS DEMAND

For most of the world—steady growth

A rebound in demand within Eastern Europe, and (ultimately) in Russia, will continue as GDP lifts with the rebuilding of market economies following the collapse of the Communist era system. Average annual growth here is expected to reach 8%; anyone who has seen the typical standard of the Russian housing stock can instantly recognize that such rates or higher are needed.