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FOR IMMEDIATE RELEASE **TSX: WEF**

Western's Annual Results Show Significant Improvement
Net Income for 2010 Improved by $103 Million Over 2009

2010 HIGHLIGHTS

- Generated positive EBITDA of $47.7 million, an $82.5 million improvement over 2009 EBITDA
- Achieved net income of $27.7 million for the year, a $103.0 million improvement over 2009
- Increased liquidity to $84.6 million compared to $37.3 million a year ago
- Net debt to capitalization reduced to 25% from 31% a year ago
- Successfully re-started our Ladysmith and Nanaimo sawmills, based on stronger demand from China
- Successfully completed the refinancing of our long-term debt with improved pricing
- In safety, the Company showed further improvement in its twelve month rolling medical incident rate, bringing it to a historic low of 1.7

"I am very pleased with the progress we have made in 2010 in all areas of our business," says Dominic Gammiero, Chairman and Chief Executive Officer.

"Not only do these financial results represent the first positive annual earnings since 2006, they were achieved in tough market conditions and reflect the operational changes we have made to the business. Our balance sheet is solid, and we are now poised to participate in the eventual demand recovery in our traditional markets"

February 23, 2011 – Vancouver, British Columbia. Western Forest Products Inc. (TSX: WEF) ("Western" or "the Company") today announced results for the fourth quarter and year ended December 31, 2010. The Company reported EBITDA of $7.1 million for the fourth quarter of 2010 compared to EBITDA of $11.7 million for the third quarter of 2010 and EBITDA of $2.3 million for the fourth quarter of 2009.

Net income for the fourth quarter of 2010 was $4.0 million ($0.01 per share), on sales of $172.6 million, which compared to a net income reported in the third quarter of 2010 of $6.9 million ($0.01 per share) and a net loss reported for the fourth quarter of 2009 of $3.1 million ($(0.01) per share).

FINANCIAL SUMMARY

(millions of dollars except where noted)	Three months ended December 31, 2010	2009	Twelve months ended December 31, 2010	2009
Sales	$ 172.6	$ 139.3	$ 667.9	$ 580.5
EBITDA	7.1	2.3	47.7	(34.8)
EBITDA as % of sales	4.1%	1.7%	7.1%	(6.0)%
Operating income (loss)	0.4	(4.6)	17.3	(69.8)
Net income (loss) from continuing operations	4.3	(2.7)	29.2	(73.3)
Net income (loss) and comprehensive income (loss)	4.0	(3.1)	27.7	(75.3)
Basic and diluted net income (loss) per share (in dollars)	0.01	(0.01)	0.06	(0.17)
Net Debt			99.8	126.9
Liquidity			84.6	37.3

Fourth quarter, 2010

Our net income of $4.0 million reported in the fourth quarter of 2010 was a $7.1 million improvement over the loss of $3.1 million incurred in the same quarter of 2009. The improvement was driven primarily by a $4.8 million increase in EBITDA and an improvement of $1.6 million in non-operating items. The improvement in EBITDA in the fourth quarter was the result of increased shipments in 2010 with lumber and log sales volumes being 20.0% and 22.3% higher than the fourth quarter of 2009, respectively. The overall average selling price realized for lumber sales in the current quarter was 2.2% higher than the fourth quarter of 2009, as the combined benefit of slightly higher prices and a favourable sales mix more than compensated for the negative impact on revenues of a 4.1% strengthening of the Canadian dollar relative to the US dollar over the same period. In order to meet improved demand, our mills operated at 76% of capacity in the fourth quarter of 2010, compared to 48% in the same period of 2009, which resulted in fixed shutdown costs incurred in 2010 being $3.7 million less than those incurred in 2009. Also contributing to the improved result in 2010 were higher volumes and prices for chip sales compared to the fourth quarter of 2009.

Selling and administration expenses in the fourth quarter of 2010 were $2.0 million more than the same period last year mainly as a result of increased employee costs due to salaries being reinstated after a 10% reduction the previous year and increases in stock based compensation. The improvement in non-operating items primarily relates to other income in the fourth quarter of 2010 being $0.8 million higher than that reported in the fourth quarter of 2009, and interest charges being lower in the fourth quarter of 2010 by $0.6 million compared to the fourth quarter of 2009, primarily as a result of lower average debt levels in the current quarter.

Year ended December 31, 2010

Our net income from continuing operations in 2010 increased by $102.5 million from the prior year loss. Sales totaled $667.9 million, which was an increase of $87.4 million over 2009, or 15.1%. The improvement in net income from continuing operations primarily comprised a turnaround in operating income of $87.1 million and an increase in other income of $16.9 million.

EBITDA improved by $82.5 million from 2009, primarily due a significant reduction in the cost of lumber and logs sold, and an increase in the volume of sales, particularly of logs. The reduction in cost of lumber sold was driven by lower unit costs as a result of higher production levels and the associated efficiencies. In particular, fixed costs incurred at curtailed operations were significantly less than the previous year. Fibre costs for the year were also lower than in 2009, mainly because of lower stumpage rates and reduced operating costs. Provincial stumpage rates are calculated from formulas that consider historic Vancouver log market prices, harvesting costs and log market bidding activity. Rates established by the Province of British Columbia dropped in 2009, but the effects of the lower rates were not fully realized in 2009 as the Company worked through opening inventories which contained logs at higher stumpage rates. In 2010, the full benefit of the lower rates was realized.

During 2010, the Company took significantly less downtime in both its timberlands and manufacturing operations. Total log harvest of 4.6 million cubic meters was 47% higher than the 2009 harvest levels, while lumber production was 23% more than during 2009. Our sawmills operated at 63% of total capacity in 2010 compared to 48% of capacity in 2009. This increase primarily reflects the fact that our Somass sawmill ran for most of 2010 but for only a small part of 2009, and the Nanaimo and Ladysmith sawmills started up in the latter part of 2010, having been down for all of 2009. Unavoidable fixed costs of $24.8 million associated with curtailed operations were directly expensed to the income statement in 2010, which is $7.6 million less than the amount expensed in 2009.

While much of the year over year improvement in Western's EBITDA is the result of higher utilization of our operations, the benefits of Western's ongoing cost reduction initiatives, albeit to a lesser degree, also contributed to the reduced cost of sales. The cost reductions took the form of reduced head count, salary reductions, decreased spending, and deferred road spending. In conjunction with reduced costs, operations focused on margin positive programs and worked to increase the volume of such programs. The lumber sales and marketing group refocused the business on four key market categories – commodity, niche, cedar, and Japanese programs, each with unique attributes and strategies.

Selling and administration expenses in 2010 were $24.5 million (2009 - $24.7 million). These expenditures have stabilized following two years of significant reductions, as the Company restructured its organizational needs to adapt to a new operating environment.

In addition to the EBITDA improvements described above, the Company recorded a restructuring expense of $1.6 million; $3.9 million lower than the equivalent expense of $5.5 million in 2009. The restructuring charges in 2010 primarily relate to severance costs incurred in Western's Japanese sales organization, the Mid-Island Remanufacturing operation, Andy's Bay logging facility, and the Ladysmith sawmill. In 2009 severance costs were mostly related to timberlands operations.

The interest expense for 2010 of $12.4 million was $1.6 million more than the expense of $10.8 million incurred in 2009. The increase was primarily caused by higher average interest rates in 2010 compared to 2009, which more than offset the impact of lower overall average debt levels in 2010. Interest rates increased following the extension of the expiry date of the non-revolving term loan from September 9, 2009 to September 9, 2010. Concurrent with this extension, the interest rate margin charged increased by 3%, and became, at the Company's option, either Canadian prime rate plus 5% or bankers' acceptance rate plus 6%. In addition, the interest rate margin increased by a further 0.25% at the end of each calendar quarter commencing December 31, 2009. New financing terms will apply in 2011 following the refinancing completed in December 2010.

Other income increased from $7.4 million in 2009 to $24.3 million in 2010 and was comprised of gains on the disposal of non-core assets of $8.6 million; a gain of $8.9 million (net of costs of $0.5 million) related to the establishment of a jointly-owned entity with Brookfield Properties Limited in October 2009; a further receipt of $5.2 million from the Province of British Columbia relating to compensation with respect to Bill 28 timber take-back areas; and other miscellaneous items aggregating to $1.6 million. $16.1 million of the proceeds received from the sales of non-core assets in 2010 was used to pay down long-term debt (2009 - $6.4 million).

The most significant property transaction was the sale to the Capital Regional District, BC, of land located in the southern part of Vancouver Island for proceeds of $14.3 million, which closed in August 2010. As part of this transaction, the Company also agreed to sell a further two parcels of land for proceeds of $4.5 million which, as a condition of sale, require the Company to secure a Certificate of Compliance on an environmental remediation project now currently under way. The Company has until August 15, 2012 to secure that certificate, and until the certificate is obtained this element of the sale will not be recorded. At December 31, 2010, $9.7 million of the proceeds had been received with $3.3 million due on August 12, 2011 and a further $5.8 million on August 15, 2012, assuming that the aforementioned certificate is obtained. The transaction generated an accounting gain of $7.1 million.

Other income of $7.4 million received in 2009 relates to gains on non-core asset sales and also to compensation payments received from the Province of British Columbia for the reimbursement of infrastructure costs incurred in certain expropriated timber tenures following the creation of new conservancies in the central coast region.

In December 2010 Western completed the refinancing of its long-term debt. The revolving credit facility provides for a maximum borrowing amount of $125 million and the terms were amended to provide improved overall availability, and an extension of the maturity date to December 14, 2015, subject to future refinancing of its revolving and non-revolving term loans. The facility also provides for successive one year extension periods of the maturity date, subject to lender approval. Amendments were also made to Western's term loans, extending the maturity date of the $75.0 million revolving term loan and the $31.2 million non-revolving term loan to June 14, 2013 and December 14, 2012, respectively. In addition to the extended maturities, and based on forecast projections, pricing for the term loans has improved.

At December 31, 2010, Western's total liquidity had increased to $84.6 million from $37.3 million at the end of 2009. Liquidity is comprised of cash of $5.1 million and unused availability under the secured revolving credit line of $79.5 million. The increase is a function of increased availability under the amended financing agreements, the fact that improved cash generated from operations meant less was drawn down on the revolving credit facility, and a higher borrowing base due to increased balances of eligible inventories and receivables at the end of 2010.

Markets and Outlook

The restructuring efforts that Western commenced in 2009 have started to show up in the strong financial results of the Company in 2010. During the course of 2010, the Company improved its operating results, strengthened its balance sheet and secured long term financing. The Company expects to build on these positive results in 2011 and beyond. With these improved financial results, particularly the improved liquidity situation, management is beginning to focus more on longer term strategic goals. These longer term key strategic objectives include:

- Growing market share in traditional and developing export markets
- Operating all our mills at capacity, realizing full economies of scale, while fully utilizing our annual allowable cut; and
- Generating substantial free cash flow that justifies re-investment

A key aspect of this strategy is diversifying our sales across four major market categories (western red cedar; Japan; niche; and commodity) and scaling our production to that demand.

Growth in the cedar market will be heavily dependent on the US housing market recovery. Despite signs that US housing starts will increase in 2011, we continue to be concerned over the high levels of US unemployment, the restrictions on access to credit and the continuing high level of foreclosures in the housing market. We continue to expect the recovery of the US housing market will be gradual and unpredictable.

Our commodity programs are currently focused on delivering product to China. China continues to be a growth story for Western, driving the startup of two of our idled mills in the fourth quarter of 2010. While the demand for wood products in China has been primarily generated by concrete forming needs, new approvals for wood home construction are expected to increase demand for higher value wood products. We expect China to be our highest volume market in 2011.

We will also continue to monitor the opportunity to re-enter the commodity market in the US. We expect there will be short lived price spikes in commodity products but that sustainable price increases are unlikely until housing starts return to historical trend levels in the US.

We are expecting housing in Japan to continue its steady rebound, providing opportunities for our Douglas fir and hemlock lumber products. This market continues to be a very competitive lumber market, with many international suppliers and a government supported domestic industry.

Niche lumber programs are directed at small, high value global markets, with demand being driven by regional economic conditions. The timber segment presents a good growth opportunity and we will also look to expand our custom cut programs. Europe’s uncertain economic situation will hamper niche sales growth in that region, but as a high value market it continues to be attractive and we will continue to pursue market share gains.

Another key aspect of our strategic focus will be continuing to grow the business, including investment in our capital assets to position them to be competitive in the future. Over the next four years, the Company plans to embark on a $125 million strategic capital program. The program, largely targeted at our sawmill facilities, will increase kiln capacity, add small log capabilities, and generally reduce operating costs.

As we continue to grow the business, it is imperative that we effectively manage the capital employed. Western continues to be focused on balancing its log and lumber production with demand. Incremental increases in production are judged on the sustainability of any increased demand from markets. The Company remains cautious about the short term strength of the global economic recovery, particularly in light of the ongoing economic challenges facing the United States and European countries. However, we have a greater capacity to weather another crisis having strengthened our liquidity position and solidified our balance sheet.

On February 11, 2011, the Company completed the sale of certain non-core properties to TimberWest Forest Corp. at the purchase price of $21.9 million. The sale includes properties located in the southern portion of Vancouver Island, near Jordan River. These properties, which encompass approximately 7,678 hectares, are situated in the land districts of Renfrew and Malahat. The net proceeds from the sale will be used to pay down the Company’s debt in accordance with its lending agreements.

The Company will also continue to pursue further opportunities that may arise to sell non-core or other land assets as appropriate. Proceeds from such sales will first be directed to reduce or eliminate long-term debt with any surplus being used to provide additional liquidity.

The Company's Annual Report for 2010 containing discussion and analysis for the fourth quarter and full year as well as the Annual Information Form are available on SEDAR and the Company's website at www.westernforest.com

Forward Looking Statements and Information

This press release contains statements which constitute forward-looking statements and forward-looking information within the meaning of applicable securities laws. Those statements and information appear in a number of places in this document and include statements and information regarding our current intent, belief or expectations primarily with respect to market and general economic conditions, future costs, expenditures, available harvest levels and our future operating performance, objectives and strategies. Such statements and information may be indicated by words such as "estimate", "expect", "anticipate", "plan", "intend", "believe", "should", "may" and similar words and phrases. Readers are cautioned that it would be unreasonable to rely on any such forward-looking statements and information as creating any legal rights, and that the statements and information are not guarantees and may involve known and unknown risks and uncertainties, and that actual results and objectives and strategies may differ or change from those expressed or implied in the forward-looking statements or information as a result of various factors. Such risks and uncertainties include, among others: general economic conditions, competition and selling prices, changes in foreign currency exchange rates, labour disruptions, natural disasters, relations with First Nations groups, changes in laws, regulations or public policy, misjudgements in the course of preparing forward-looking statements or information, changes in opportunities and other factors referenced under the "Risks and Uncertainties" section of our MD&A in our 2010 Annual Report dated February 23, 2011. All written and oral forward-looking statements or information attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. Except as required by law, Western does not expect to update forward-looking statements or information as conditions change.

(1) Reference is made in this report to EBITDA which is defined as operating income (loss) plus amortization of property, plant and equipment and the write-down of property, plant and equipment and operating restructuring costs added back. Western uses EBITDA as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. EBITDA does not represent cash generated from operations as defined by Canadian GAAP and it is not necessarily indicative of cash available to fund cash needs. Furthermore, EBITDA does not reflect the impact of a number of items that affect our net income (loss). EBITDA is not a measure of financial performance under GAAP, and should not be considered as an alternative to measures of performance under GAAP. Moreover, because all companies do not calculate EBITDA in the same manner, EBITDA as calculated by Western may differ from EBITDA as calculated by other companies.

Western Forest Products
Western is an integrated Canadian forest products company and the largest coastal British Columbia woodland operator and lumber producer with an annual available harvest of approximately 7.4 million cubic metres of timber of which approximately 7.2 million cubic metres is from Crown lands and lumber capacity in excess of 1.5 billion board feet from eight sawmills and three remanufacturing plants. Principal activities conducted by the Company include timber harvesting, reforestation, sawmilling logs into lumber and wood chips and value-added remanufacturing. Substantially all of Western's operations, employees and corporate facilities are located in the coastal region of British Columbia while its products are sold in over 25 countries worldwide.

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