



**West Fraser Timber Co. Ltd.**

Notice of Annual  
Meeting of Shareholders

To Be Held April 28, 2015

Information Circular

Your Participation is Important  
Please Take the Time to Vote

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## INVITATION TO SHAREHOLDERS

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Dear Shareholders:

You are invited to attend the Annual Meeting of Shareholders of West Fraser Timber Co. Ltd., which will take place on April 28, 2015 at 11:30 a.m., local time, at The Fairmont Hotel Macdonald, 10065 100 Street Northwest, Edmonton, Alberta.

The items of business to be considered at the Meeting are described in the accompanying Notice of Annual Meeting and Information Circular.

Your participation and views are very important to us. You are encouraged to vote, which can be done by following the instructions enclosed with these materials.

**At the Meeting, in addition to dealing with the matters described in the Notice, I will review the affairs of the Company. Also, you will have an opportunity to ask questions and to meet the Company's Directors and management representatives.**

All of our public documents, including the 2014 Annual Report and Quarterly Reports, are available on our website at [www.westfraser.com](http://www.westfraser.com). You are encouraged to access our website during the year for continuous disclosure items, including news releases and investor presentations.

I look forward to seeing you at the Meeting.

Yours sincerely,



Ted Seraphim  
President and Chief Executive Officer

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting (the “Meeting”) of Shareholders of WEST FRASER TIMBER CO. LTD. (the “Company”) will be held at The Fairmont Hotel Macdonald, 10065 100 Street Northwest, Edmonton, Alberta on April 28, 2015 at 11:30 a.m., local time, for the following purposes:

1. to receive the consolidated financial statements of the Company for its fiscal year ended December 31, 2014, together with the auditor’s report on them;
2. to elect the directors of the Company to hold office until the close of the next annual general meeting;
3. to appoint an auditor of the Company to serve until the close of the next annual general meeting and to authorize the directors to fix the auditor’s remuneration;
4. to consider an advisory (non-binding) resolution on the Company’s approach to executive compensation, as more particularly set in the section of the Information Circular entitled “Advisory Resolution on the Company’s Approach to Executive Compensation (Say on Pay)”;
5. to consider any amendment to or variation of any matter identified in this Notice; and
6. to transact such other business as may properly come before the Meeting or any adjournment of it.

A copy of the Annual Report of the Company for the year ended December 31, 2014 accompanies this Notice. The Annual Report includes the consolidated financial statements and the auditor’s report.

Shareholders registered at the close of business on March 11, 2015 will be entitled to receive this Notice and to vote at the Meeting.

<p style="text-align: center;"><b>INFORMATION ON NOTICE AND ACCESS</b> <b>(You have not been sent a physical copy of the Information Circular.)</b></p>
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### ***General Information***

The Company has prepared a notice of meeting, Information Circular and form of proxy relating to the Meeting, and the Information Circular contains details of the matters to be considered at the Meeting. This Notice of Meeting has been prepared and mailed to you under the notice and access rules that came into effect on February 11, 2013 pursuant to applicable Canadian securities laws. Notice and access enables issuers to reduce the volume of materials that must be physically mailed to shareholders by posting the Information Circular and related materials on the internet. Please call CST Trust Company toll-free at 1-800-387-0825 if you have any questions about notice and access.

### ***How to Access the Information Circular and Obtain a Physical Copy***

The Information Circular and related materials are available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.westfraser.com](http://www.westfraser.com). Shareholders are reminded to review these online materials in connection with the Meeting and before voting. Shareholders may obtain a physical copy of the Information Circular by: 1) calling the Company’s transfer agent, CST Trust Company, toll free at 1-888-433-6443; or 2) emailing a request to CST Trust Company at

[fulfilment@canstockta.com](mailto:fulfilment@canstockta.com). A request for a physical copy of the Information Circular should be sent sufficiently in advance so that it is received by the Transfer Agent by April 13, 2015, in order to allow sufficient time for the shareholder to receive the physical copy of the Information Circular and return the proxy by its due date.

***Proxies and Voting Instruction Forms (VIFs)***

Registered shareholders have received a form of proxy with this Notice of Meeting. The deadline for submitting proxies is April 24, 2015. Please complete, date and sign the proxy and deliver it before that deadline in accordance with the instructions set out in the proxy and Information Circular.

Non-registered shareholders (beneficial owners) have received a voting instructions form (“VIF”) with this Notice of Meeting. The deadline for returning VIFs is specified in the VIF itself. VIFs, whether provided by the Company or an intermediary, should be completed and returned in accordance with the specific instructions, and by the deadline specified, in the VIF. Please ensure you carefully follow the instructions set out in the VIF, including those specifying where and when the VIF is to be returned.

Please review the Information Circular before completing your proxy or VIF, as the Information Circular contains additional information about each matter to be voted on at the Meeting. The following guide will assist you in locating the relevant disclosure for each matter.

<b>For disclosure about:</b>	<b>Refer to the following section(s) in the Information Circular</b>
<ul style="list-style-type: none"><li>the election of directors</li></ul>	“Information regarding Nominees for Election as Directors”
<ul style="list-style-type: none"><li>the appointment of the Company’s auditors</li></ul>	“Appointment of the Auditor”
<ul style="list-style-type: none"><li>the approval of the Company’s approach to executive compensation</li></ul>	“Advisory Resolution on the Company’s Approach to Executive Compensation (Say on Pay)”

**A Shareholder who is unable to attend the Meeting in person and who wishes to ensure that its shares are voted at the Meeting must complete, date and sign an acceptable form of proxy and deliver it by hand or by mail in accordance with the instructions set out in the enclosed form of proxy and in the Information Circular.**

**DATED** at Vancouver, B.C., March 23, 2015.

**BY ORDER OF THE BOARD**



Ted Seraphim  
President and Chief Executive Officer

## INFORMATION CIRCULAR

(As of March 2, 2015, except as otherwise provided)

This Circular is furnished in connection with the solicitation of proxies by the Board of Directors and management of West Fraser for use at the Annual Meeting of Shareholders to be held at The Fairmont Macdonald, 10065 100 Street Northwest, Edmonton, Alberta on April 28, 2015 (and at any adjournment thereof) for the purposes set out in the attached Notice of Annual Meeting of Shareholders.

**All references to the number of West Fraser shares, share prices, earnings per share, options, and other equity-based incentives reflect the payment and adjustments resulting from the Stock Dividend applied retroactively to all comparative periods.**

### DEFINITIONS

Unless stated otherwise, in this Circular

“**Auditor**” means our external auditor, currently PricewaterhouseCoopers LLP,

“**Board**” or “**Board of Directors**” means our board of Directors,

“**Circular**” means this information circular,

“**CST Trust**” means CST Trust Company, our transfer agent,

“**Director**” means a director of the Company,

“**DS Unit**” has the meaning set out on page 15 of this Circular,

“**Meeting**” means the Annual Meeting of Shareholders to be held on April 28, 2015 and any adjournment of it,

“**Notice**” means the attached Notice of Annual Meeting,

“**Phantom Share Unit Plan**” means the plan described as such on page 30 of this Circular,

“**PS Unit**” means a performance share unit granted under our Phantom Share Unit Plan,

“**ROSE**” has the meaning set out in “Executive Compensation Discussion & Analysis – Report on Executive Compensation” under the heading “Annual Incentive Bonus Plan” on page 29,

“**RS Unit**” means a restricted share unit granted under our Phantom Share Unit Plan,

“**Share**” means a Common share or a Class B Common share in the capital of West Fraser,

“**Shareholder**” means an owner of any Share,

“**Stock Dividend**” means the stock dividend of one Common share declared and issued in respect of each issued and outstanding Common share and each issued and outstanding Class B Common share in the capital of the Company and paid to Shareholders on January 13, 2014,

“**Stock Option Plan**” means our Stock Option Plan, as amended,

“**\$**” means Canadian dollars, and

“**West Fraser**”, “**Company**”, “**we**”, “**us**” and “**our**” mean West Fraser Timber Co. Ltd.

## VOTING AND PROXIES: QUESTIONS AND ANSWERS

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**Your vote is important. Good corporate governance begins with shareholder participation. If you cannot attend the Meeting or if you plan to attend but prefer the convenience of voting in advance, we encourage you to exercise your vote using either of the voting methods described below. Please read the following for answers to commonly asked questions regarding voting and proxies.**

**If your Shares are held in a street form or in a brokerage account, you may not be a registered Shareholder. Please refer to “Voting by Non-Registered Shareholders” on page 7 for a description of the procedure to be followed to vote your Shares.**

**Q. Am I entitled to vote?**

A. You are entitled to vote if you were a registered Shareholder as of the close of business on March 11, 2015. Each Share entitles the holder to one vote.

**Q. What am I voting on?**

A. The following matters:

- the election of Directors to the Board of Directors to hold office until the close of the next annual general meeting;
- the appointment of PricewaterhouseCoopers LLP as our auditor until the close of the next annual general meeting, at a remuneration to be fixed by the Directors; and
- advisory (non-binding) resolution on the Company’s approach to executive compensation.

**Q. What if amendments are made to these matters or if other matters are brought before the Meeting?**

A. If you attend the Meeting in person and are eligible to vote, you may vote on such matters as you choose.

If you have completed and returned a proxy in the form enclosed, the persons named in it will have discretionary authority with respect to amendments or variations to matters identified in the Notice and to other matters which properly come before the Meeting. If any other matter properly comes before the Meeting, the persons so named will vote on it in accordance with their best judgment. As of the date of this

Circular, our management does not know of any such amendment, variation or other matter expected to come before the Meeting.

**Q. Who is soliciting my proxy?**

A. The management of West Fraser is soliciting your proxy. Solicitation of proxies is done primarily by mail, supplemented by telephone or other contact, by Company employees, and the Company bears all associated costs.

This Information Circular is prepared under the notice and access rules that came into effect on February 11, 2013 pursuant to applicable Canadian securities laws. Accordingly, this Information Circular is being posted on the internet instead of being sent to either registered or Beneficial Shareholders. The Information Circular and related materials are available under the Company’s profile at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.westfraser.com](http://www.westfraser.com). Shareholders are reminded to review these online materials in connection with the Meeting and before voting. Shareholders may obtain a physical copy of the Information Circular by: 1) calling the Company’s transfer agent, CST Trust Company, toll free at 1-888-433-6443; or 2) emailing a request to CST Trust Company at [fulfilment@canstockta.com](mailto:fulfilment@canstockta.com). A request for a physical copy of the Information Circular should be sent sufficiently in advance so that it is received by the Transfer Agent by April 13, 2015, in order to allow sufficient time for the shareholder to receive the physical copy of the Information Circular and return the proxy by its due date.

**Q. How do I vote?**

- A. 1) If your Shares are not registered in your name, please see “Voting by Non-Registered Shareholders” on page 7.
- 2) If you are a registered Shareholder there are two ways that you may vote your Shares:
- (a) you may vote in person at the Meeting; or
  - (b) you may complete and sign a form of proxy appointing someone to represent you and to vote your Shares at the Meeting.

If a registered Shareholder is a body corporate or association, the form of proxy must be signed by a person duly authorized by that body corporate or association.

Completing, signing and returning a form of proxy will not prevent you from attending the Meeting in person.

As the Company is relying on notice and access provisions of applicable Canadian securities law, a notice of meeting and form of proxy is being sent to both Registered Shareholders and Beneficial Shareholders.

**Q. Must I use the enclosed form of proxy?**

- A. No. If you do not wish to use the enclosed proxy form, you may use any other form of proxy to appoint your proxyholder, although the Company’s Articles require that a form of proxy be substantially in the form enclosed.

**Q. Can I appoint someone to vote my Shares other than persons named in the enclosed form of proxy?**

- A. Yes. Write the name of your chosen person, who need not be a Shareholder, in the blank space provided in the form of proxy. It is important to ensure that any other person you appoint as proxyholder will attend the Meeting, and is aware that his or her appointment has been made to vote your Shares and that he or she should present himself/herself to a representative of CST Trust.

**Q. What if my Shares are registered in more than one name or in the name of my company?**

- A. If your Shares are registered in more than one name, all those registered must sign the form of proxy. If your Shares are registered in the name of your company or any name other than yours, we may require that you provide documentation that proves you are authorized to sign the form of proxy.

**Q. What if I plan to attend the Meeting and vote in person?**

- A. If you plan to attend the Meeting and wish to vote your Shares in person, you do not need to complete or return a form of proxy. Your vote will be taken and counted at the Meeting. Please register with the scrutineer when you arrive at the Meeting.

If your Shares are not registered in your name, but you wish to attend the Meeting, please see “Voting by Non-Registered Shareholders” on page 7.

**Q. What happens when I sign and return a form of proxy?**

- A. You will have given authority to whoever it appoints as your proxyholder to vote your Shares at the Meeting in accordance with the voting instructions you provide.

**Q. What do I do with my completed form of proxy?**

- A. Return it to our Transfer Agent, CST Trust at the address set out below so that it arrives no later than 11:30 a.m. (Edmonton time), on April 24, 2015 or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) before the adjourned Meeting.

**Q. How will my Shares be voted if my proxy is in the enclosed form with no other person named as proxyholder?**

- A. The persons named in it will vote or withhold from voting your Shares in accordance with your instructions. **In the absence of such instructions, however, your Shares will be voted FOR the election of the Directors nominated by management, FOR the**



**appointment of the Auditor and FOR the advisory approval of the Company's approach to executive compensation.**

**Q. If I change my mind, can I revoke my proxy once I have given it?**

A. Yes. If you are a registered Shareholder as of the record date you may revoke your proxy with an instrument in writing (which can be another proxy with a later date) executed by you authorized in writing and delivered to McMillan LLP, Suite 1500, 1055 West Georgia Street, Vancouver, B.C., V6E 4N7, Attention: Amandeep Sandhu, no later than 5:00 p.m. (Vancouver time) on April 27, 2015 or to the individual chairing the Meeting prior to the commencement of the Meeting or any adjournment thereof.

Please note that your participation in person in a vote by ballot at the Meeting would automatically revoke any proxy you have given in respect of the item of business covered by that vote.

If you are not a registered Shareholder, see "Voting by Non-Registered Shareholders" below.

**Q. What documents are sent to Shareholders?**

A. Shareholders will receive a package of the usual annual corporate documents (our 2014 Annual Report, including the Annual Information Form, our annual audited consolidated financial statements and auditor's report, Management's Discussion & Analysis, the Notice and the form of proxy).

Our annual Information Circular may be accessed under our profile at [www.sedar.com](http://www.sedar.com) or on our website at [www.westfraser.com](http://www.westfraser.com).

Copies of our Annual Report, including our audited consolidated financial statements, are filed with Canadian securities regulators and are available at [www.sedar.com](http://www.sedar.com) under the Company's profile and may also be obtained, without charge, on request from the Secretary of West Fraser or accessed on our website at [www.westfraser.com](http://www.westfraser.com).

**Q. Who are our Principal Shareholders?**

A. The Principal Shareholders (persons or companies that beneficially own or exercise control or direction over more than 10% of a class of our outstanding Shares) are set out in the Circular under the heading "Voting Securities, Principal Shareholders and Normal Course Issuer Bid" on page 16.

**Q. What if I have other questions?**

A. If you have a question regarding the Meeting, please contact our Transfer Agent or the Secretary of West Fraser at (604) 895-2700 or by email at [shareholder@westfraser.com](mailto:shareholder@westfraser.com).

**Q. How can I contact the Transfer Agent?**

A. You can contact the Transfer Agent at:

CST Trust Company  
1600 - 1066 West Hastings Street  
Vancouver, B.C. V6E 3X1

Telephone: (416) 682-3860  
(toll free throughout North America:  
1-800-387-0825)  
Facsimile: 1-888-249-6189  
Email: [inquiries@canstockta.com](mailto:inquiries@canstockta.com)  
Website: [www.canstockta.com](http://www.canstockta.com)

## **VOTING BY NON-REGISTERED SHAREHOLDERS**

**Q. If my Shares are not registered in my name, how do I vote my Shares?**

A. Our share register does not list non-registered or beneficial Shareholders. Their Shares are usually held in the name of an intermediary or a "nominee", such as a trust company, securities broker or other financial institution. If you are a non-registered Shareholder, there are two ways that you can vote your Shares:

1) **By providing voting instructions to your nominee**

Applicable securities laws require institutional nominees to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive, or have already received with these materials, from your nominee either a request

for voting instructions or a form of proxy for the number of Shares you hold. Every institutional nominee has its own mailing procedures and provides its own signing and return instructions, which you should follow carefully to ensure that your Shares are voted at the Meeting.

As the Company is relying on notice and access provisions of applicable Canadian securities law, a notice of meeting and VIF is being sent to both Registered Shareholders and Beneficial Shareholders.

2) **By being appointed and attending the Meeting in person**

The Company generally does not have access to the names of its non-registered Shareholders.

Therefore, if you attend the Meeting, the Company will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder.

If you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy provided by your nominee to appoint yourself as proxyholder. If you are a non-registered Shareholder and instruct your nominee to appoint yourself as proxyholder, you should present yourself to the scrutineer of the Meeting with appropriate identification.

**BUSINESS TO BE TRANSACTED AT THE MEETING**

*(See Notice of Annual Meeting of Shareholders)*

1) **Presentation of Financial Statements**

The consolidated financial statements of the Company for the year ended December 31, 2014 and the Auditor's report thereon for 2014 will be submitted to Shareholders at the Meeting, but no vote with respect to them is required or proposed to be taken. The consolidated financial statements are included in our Annual Report which is being mailed to Shareholders with the Notice.

2) **Election of Directors**

The table of nominees on the following pages sets out the name of each person proposed to be nominated for election as a Director, as well as other relevant information. The number of directors was last set at nine. Management of the Company recommends the election of the nine nominees set out in the table of nominees to fill the nine positions as Director. The term of office of each current Director will expire at the conclusion of the Meeting. Each Director elected at the Meeting will hold office until the conclusion of the next annual general meeting of the Company at which a Director is elected, unless the Director's office is earlier vacated in accordance with the Articles of the Company or

the provisions of the *Business Corporations Act* (B.C.).

The Board of Directors has adopted a majority voting policy, which is described on page 19 of this Circular, relating to the election of Directors.

On February 13, 2014, the Board adopted an advance notice policy setting out requirements for Director nominations and elections. On April 29, 2014, our Shareholders approved a special resolution to amend the Company's Articles to include this advance notice requirement, which is described on page 19 of this Circular.

The Board of Directors may fill vacancies on the Board resulting from the death, resignation or retirement of Directors. As well, the Board is authorized to appoint up to two additional Directors to hold office until not later than the next annual general meeting.

3) **Appointment of Auditor**

The Auditor is to be appointed to serve until the close of the next annual general meeting of the Company, and the Directors are to be authorized to fix the Auditor's remuneration.

The Board of Directors and management of the Company, on the advice of the Audit Committee of the Board, recommend that PricewaterhouseCoopers LLP, Vancouver, Canada, be re-appointed as Auditor, at a remuneration to be fixed by the Board of Directors.

A representative of PricewaterhouseCoopers LLP will be present at the Meeting and will have the opportunity to make a statement if the representative so desires. The representative will also be available to answer questions.

4) **Advisory Resolution on our Approach to Executive Compensation (Say on Pay)**



Our executive compensation philosophy, policies and programs are based on the fundamental principle of pay-for-performance to align the interests of our executives with those of our Shareholders. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve (on an advisory basis), by way of ordinary resolution, the Company's approach to executive compensation.





## INFORMATION REGARDING NOMINEES FOR ELECTION AS DIRECTORS

The following table sets out the name of each person proposed to be nominated for election as a Director, as well as that person's position in the Company, residence and principal occupation, and the date that person first became a Director. Additional information concerning compensation and security holdings of Directors is provided below the following table. All our current directors other than Samuel W. Ketcham are standing for re-election.

Unless otherwise indicated, the nominee has held the same or similar principal occupation with the organization set out below, or a predecessor of that organization, for the last five years. The information as to principal occupation and securities beneficially owned or controlled by each nominee has been furnished by the nominee and is not within the knowledge of our management.

The following table also sets out committee memberships of the proposed nominees as at March 2, 2015. We have four committees: Audit, Compensation, Safety & Environment, and Governance & Nominating.

<p><b>HANK KETCHAM</b></p> 	<p>Director since September 16, 1985</p> <p>Hank Ketcham was born on December 1, 1949 and resides in Vancouver, B.C., Canada. He is our Executive Chairman of the Board. Mr. Ketcham was our President until April 2012 and retired from the position of Chief Executive Officer effective March 1, 2013 when his title as Chairman was redesignated as Executive Chairman. He is also a director and shareholder of Ketcham Investments, Inc., which owns 6,662,718 Common shares and 1,743,228 Class B Common shares of the Company. Mr. Ketcham has been actively involved with the Company since 1973. He is a director of The Toronto-Dominion Bank and is immediate past Chairman of the B.C. Business Council.</p>
<p><b>CLARK S. BINKLEY</b></p> 	<p>Director since February 1, 1992</p> <p>Clark S. Binkley was born on December 1, 1949 and resides in Portland, Oregon, U.S.A. In 2012 Dr. Binkley was appointed Chief Investment Officer of GreenWood Resources, Inc., a timberland investment management organization. Prior to that time, he was the Managing Director of International Forestry Investment Advisors, LLC, a firm he founded in 2005 to provide timberland investment advisory services to qualified investors. Between 1998 and 2005, he was Senior Vice-President of Hancock Natural Resource Group, Inc., a timberland investment company and previously he was the Dean of the Faculty of Forestry at the University of B.C. in Vancouver. Dr. Binkley holds an undergraduate degree in applied mathematics and a master's degree in engineering from Harvard University as well as a Ph.D. from Yale University in forestry and environmental studies. Dr. Binkley is the Chairman of the Safety &amp; Environment Committee and is a member of the Audit Committee and of the Governance &amp; Nominating Committee.</p>

<p><b>J. DUNCAN GIBSON</b></p> 	<p>Director since April 29, 1997</p> <p>J. Duncan Gibson was born on November 3, 1949 and resides in Toronto, Ontario, Canada. Since November 2001, he has been a business investor. He was formerly Vice Chairman of The Toronto-Dominion Bank. He has served as a director of Quadra FNX Mining Ltd. and Futuremed Healthcare Corporation. Mr. Gibson is a member of the Audit Committee, the Safety &amp; Environment Committee and the Governance &amp; Nominating Committee.</p>
<p><b>JOHN K. KETCHAM</b></p> 	<p>Proposed Director Nominee</p> <p>John K. Ketcham was born in Williams Lake, B.C., Canada on November 9, 1961 and resides in Santa Monica, California. He is a graduate of Tufts University and is currently a real estate developer in Los Angeles. Mr. Ketcham currently owns or controls a total of 977,100 of our Common shares. Previously Mr. Ketcham was a film producer (<i>The Hurricane</i>, starring Denzel Washington) and director. From 1985 to 1992 Mr. Ketcham was a television reporter in Vancouver, B.C.</p>
<p><b>HARALD H. LUDWIG</b></p> 	<p>Director since May 2, 1995</p> <p>Harald H. Ludwig was born on November 2, 1954 and resides in West Vancouver, B.C., Canada. He is President of Macluan Capital Corporation, a diversified private equity investment company. Mr. Ludwig is the Chairman of the Compensation Committee and a member of the Governance &amp; Nominating Committee. He is also a director of Lions Gate Entertainment Corp., Seaspan Corporation and Canadian Overseas Petroleum Limited and is also a member of the Advisory Board of Tennenbaum Capital Partners, LLC (private equity) and a governor of the B.C. Children's Hospital Foundation. (See "Our Corporate Governance Policies and Procedures – Composition of the Board" on page 22). Mr. Ludwig is a graduate of Simon Fraser University and holds an LL.B. from Osgoode Hall Law School.</p>
<p><b>GERALD J. MILLER</b></p> 	<p>Director since April 19, 2012</p> <p>Gerald J. Miller was born on July 26, 1955 and resides in Lake Country, B.C., Canada. He holds a Bachelor of Commerce Degree from the University of B.C. He is a Chartered Accountant who retired from West Fraser on July 31, 2011 after a 25-year career. Mr. Miller is a member of the Safety &amp; Environment Committee. Mr. Miller was a key member of West Fraser's senior executive team and served in a number of executive positions including as Executive Vice-President, Pulp &amp; Paper, Executive Vice-President, Operations and Executive Vice-President, Finance and Chief Financial Officer, the position that he held at the time of his retirement. Mr. Miller is also a trustee of Granite Real Estate Investment Trust.</p>

<p><b>ROBERT L. PHILLIPS</b></p> 	<p>Director since April 28, 2005</p> <p>Robert L. Phillips was born on January 19, 1951 and resides in West Vancouver, B.C., Canada. Mr. Phillips holds a B.Sc. (Chemical Engineering) and an LL.B., both from the University of Alberta. Before July 2004, he was President and Chief Executive Officer of the BCR Group of Companies, which was involved in rail transportation and marine terminal operations. Before joining BCR, he was Executive Vice President, Business Development and Strategy for MacMillan Bloedel Limited, and has held the position of President and Chief Executive Officer of the PTI Group Inc. and Dresco Energy Services Ltd. He was appointed Queen's Counsel in Alberta in 1991. In February 2008 Mr. Phillips was designated by the Board to serve as Lead Director and in that capacity he serves as Chairman of the Governance &amp; Nominating Committee. Mr. Phillips is also a member of the Compensation Committee. He is a director of the following public corporations: Canadian National Railway Company, Canadian Western Bank, MacDonald, Dettwiler and Associates Ltd. and Precision Drilling Corporation (see "Our Corporate Governance Policies and Procedures – Composition of the Board" on page 22).</p>
<p><b>JANICE G. RENNIE</b></p> 	<p>Director since April 28, 2004</p> <p>Janice G. Rennie was born on June 29, 1957 and resides in Edmonton, Alberta, Canada. Ms. Rennie earned a Bachelor of Commerce Degree from the University of Alberta. She is a Fellow Chartered Accountant and a Fellow of the Institute of Corporate Directors and is currently a corporate director. From September 7, 2004 to September 9, 2005 she was the Senior Vice-President, Human Resources and Organizational Effectiveness of EPCOR Utilities Inc., a provider of energy, water and energy-related services and products, on whose board she served for over 10 years. Before September 7, 2004, she was the Principal of Rennie &amp; Associates, which provided investment and related advice to small and mid-sized companies. Ms. Rennie is the Chair of the Audit Committee and a member of the Compensation Committee and of the Governance &amp; Nominating Committee. She is a director of the following public corporations: Major Drilling Group International Inc., Methanex Corporation, Teck Resources Limited and WestJet Airlines Ltd. (see "Our Corporate Governance Policies and Procedures – Composition of the Board" on page 22).</p>
<p><b>TED SERAPHIM</b></p> 	<p>Director since April 30, 2013</p> <p>Ted Seraphim was born on November 14, 1959 and resides in North Vancouver, B.C., Canada. Mr. Seraphim holds a Bachelor of Commerce Degree from the University of B.C. He is a Chartered Accountant and our President and Chief Executive Officer. Before February 15, 2007 Mr. Seraphim was Vice-President, Pulp &amp; Paper Sales and on that date he was appointed Vice-President, Pulp &amp; Paper, a position which he held until July 1, 2010. He was Executive Vice-President and Chief Operating Officer from July 1, 2010 to April 19, 2012 when he was appointed President and Chief Operating Officer. On March 1, 2013 Mr. Seraphim became the Company's President and Chief Executive Officer. Mr. Seraphim is Chairman of the B.C. Council of Forest Industries and acts as West Fraser's representative in a number of industry related associations including the Forest Products Association of Canada, Alberta Forest Products Association and the Softwood Lumber Board.</p>

Each nominee has consented to act as a Director of West Fraser if elected. We do not contemplate that any proposed nominee will be unable to serve as a Director, but if for any reason that occurs before the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion.

## Board Renewal

The Company has adopted two mechanisms for Board renewal: the use of a skills matrix to identify skills or experience gaps and an age limitation.

### *Skills Matrix*

The Governance & Nominating Committee is responsible for identifying new candidates to stand as nominees for election or appointment as directors to our Board of Directors. The Committee uses a skills matrix to assist in this process. The Committee reviews a matrix that sets out the various skills and experience considered to be desirable for the Board to possess in the context of the Company's strategic direction. The Committee then assesses the skills and experience of each current Board member against this matrix. When completed, the matrix helps the Committee identify any skills or experience gaps and provides the basis for a search to be conducted for new directors to fill any gaps. Following is a summary of the current skills matrix that sets out the various skills and experience categories. The Committee has reviewed the skills and experience of the current Board members standing for re-election and the new director nominee against the matrix and has determined that no material skill or experience gaps exist.

	Location				Years on Board			Age			Top three competencies							
	British Columbia	Alberta	Ontario	United States	0 to 5	6 to 10	11+	59 and under	60 to 69	70+	Senior executive/Strategic leadership	Financial literacy	Forestry/Manufacturing	Risk management	Capital markets	Government relations	Executive compensation	Governance
Hank Ketcham	X						X	X			1	2	3					
Clark S. Binkley				X			X	X			2	3	1					
J. Duncan Gibson			X				X	X				2			1			3
John Ketcham				X	X			X			1	2	3					
Harald H. Ludwig	X						X	X			1				2		3	
Gerald J. Miller	X				X			X			2	1	3					
Robert L. Phillips	X					X		X			1						3	2
Janice G. Rennie		X					X	X				1					3	2
Ted Seraphim	X				X			X			1	2				3		

In identifying potential director candidates, the Committee takes into account a broad variety of factors it considers appropriate, including skills, independence, financial acumen, board dynamics and personal

characteristics. In addition, diversity in perspective arising from personal, professional or other attributes and experiences are considered when identifying potential director candidates. Desirable individual characteristics include integrity, credibility, the ability to generate public confidence and maintain the goodwill and confidence of our Shareholders, sound and independent business judgment, general good health and the capability and willingness to travel to, attend and contribute at Board functions on a regular basis. Background checks, as appropriate, are completed prior to nomination.

The Committee also reviews the performance of the Board and its Committees. See “Our Corporate Governance Policies and Procedures – Performance Reviews” on page 27.

#### *Age Limitation*

In 1994 the Board approved a requirement that any nominee for Director be less than age 70. This mechanism helps ensure that existing directors serve an appropriate term length and that the Board periodically welcomes new directors. Directors who were serving in that capacity at the time the measure was adopted (including Clark S. Binkley and Hank Ketcham) were exempted from this requirement.

#### **Director Compensation**

Directors’ remuneration is adjusted periodically to provide competitive compensation for services provided as a Director. Current remuneration (which was approved effective October 1, 2011) for each Director is as follows:

Annual base retainer	\$50,000
Annual equity retainer	\$75,000 in Units
Board meeting attendance fee <sup>1</sup>	\$1,500 per meeting
Annual Committee Chairman retainer <sup>2</sup>	\$10,000 per Committee
Annual Committee retainer <sup>2</sup>	\$4,000 per Committee
Committee meeting attendance fee <sup>2</sup>	\$1,500 per meeting
Lead Director retainer	\$50,000 per year
Fee for return travel of more than 7 hours	\$1,500

1. Fee also paid for attendance on Board facility tours not involving formal meeting.

2. Not applicable to the Governance & Nominating Committee which meets as part of regularly scheduled Board meetings.

Annual non-equity retainers are paid in monthly instalments.

Hank Ketcham and Ted Seraphim do not receive Director’s fees. Directors are also reimbursed for out-of-pocket expenses incurred in attending meetings of the Board or committee meetings or otherwise on Company business.

The Company has a Directors’ Share Compensation Plan (the “Compensation Plan”), the purpose of which is to enable each Director to participate in our growth by receiving Common shares in lieu of cash for services performed as Directors. Under the Compensation Plan, Common shares are issued after each quarter at a price per share equal to the weighted average of the trading price for the Common shares on the Toronto Stock Exchange (the “TSX”) for the last five trading days in the quarter.

No Common shares were issued to Directors during 2014 under the Compensation Plan.

The Company has a Deferred Share Unit Plan (“DSU Plan”) which provides a structure for Directors to accumulate an equity-like holding in the Company. The DSU Plan allows Directors to participate in our growth by providing a deferred payment based on the value of a Common share at the time of



redemption. Each Director may elect to receive up to 100% of annual retainers and meeting fees in deferred share units (“DS Units”) and must receive DS Units in payment of the annual equity retainer. The DS Units are issued based on the weighted average trading price of the Common shares on the TSX during the five trading days prior to their issue. Additional DS Units are issued to take into account the value of dividends paid on Common shares from the date of issue to the date of redemption. DS Units are redeemable only after a Director retires, resigns or otherwise leaves the Board and has ceased to fulfill any other role as an officer or employee. The redemption value is equal to the Common share price at the date of redemption. A holder of DS Units may elect to redeem DS Units in cash or in Common shares. DS Units qualify as equity for the purposes of the minimum equity holding requirement for Directors. For a description of the minimum equity holding requirements see page 20.

**Total Director Compensation  
2014**

Name	Fees earned <sup>1</sup> (\$)	Share-based awards <sup>2</sup> (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Clark S. Binkley	83,500	75,000	Nil	Nil	Nil	Nil	158,500
J. Duncan Gibson	86,500	75,000	Nil	Nil	Nil	Nil	161,500
Samuel W. Ketcham	67,500	75,000	Nil	Nil	Nil	Nil	142,500
Harald H. Ludwig	73,500	75,000	Nil	Nil	Nil	Nil	148,500
Gerald J. Miller	67,500	75,000	Nil	Nil	Nil	Nil	142,500
Robert L. Phillips	117,500	75,000	Nil	Nil	Nil	Nil	192,500
Janice G. Rennie	85,000	75,000	Nil	Nil	Nil	Nil	160,000

1. Represents total earned during 2014 other than the annual equity retainer which is included in the Share-based awards column of this table. These amounts were paid either in cash or DS Units as described in the following chart.
2. DS Units granted at the end of each quarter in payment of the annual equity retainer are valued based on the weighted average trading price of the Common shares on the TSX on the last five trading days of the quarter.

**Payment of 2014 Compensation**

Name	Cash	DS Units <sup>1</sup>
Clark S. Binkley	Nil	\$158,500
J. Duncan Gibson	\$86,500	\$75,000
Samuel W. Ketcham	\$67,500	\$75,000
Harald H. Ludwig	\$36,750	\$111,750
Gerald J. Miller	\$67,500	\$75,000
Robert L. Phillips	\$117,500	\$75,000
Janice G. Rennie	\$85,000	\$75,000

1. DS Units are granted quarterly based on the weighted average trading price of the Common shares on the Toronto Stock Exchange for the last five trading days of the quarter.

**Direct and Indirect Share and Other Holdings of Current and Proposed Directors  
(as at March 3, 2014 and March 2, 2015)**

	Shares <sup>1</sup>		Share Purchase Options		DS Units	
	2015	2014	2015	2014	2015	2014
Hank Ketcham <sup>2,3</sup>	385,896	385,896	1,109,435	1,204,305	Nil	Nil
Clark S. Binkley	7,972	7,972	Nil	Nil	39,674	36,554
J. Duncan Gibson	12,950	12,950	Nil	Nil	17,770	16,300
John Ketcham	977,100	N/A	Nil	N/A	Nil	N/A
Samuel W. Ketcham	1,374,153	1,502,048	Nil	Nil	6,780	5,366
Harald H. Ludwig	11,476	11,476	Nil	Nil	37,431	35,188
Gerald J. Miller	12,142	12,142	Nil	Nil	4,765	3,360
Robert L. Phillips	10,000	10,000	Nil	Nil	6,780	5,366
Janice G. Rennie	1,000	1,000	Nil	Nil	18,065	16,592
Ted Seraphim <sup>4</sup>	17,184	17,184	170,260	214,100	Nil	Nil

1. Includes Common and Class B Common shares.
2. Does not include 6,662,718 Common shares and 1,743,228 Class B Common shares held by Ketcham Investments, Inc.
3. Mr. Ketcham held 5,940 RS Units and 6,040 PS Units as of March 2, 2015 (39,598 and 13,474 on March 3, 2014).
4. Mr. Seraphim held 19,300 RS Units and 19,350 PS Units as of March 2, 2015 (26,645 and 17,141 on March 3, 2014).

As at March 2, 2015, based on the closing price on the TSX (the “Closing Price”) of \$68.66, the total value of all shares, exercisable options and DS Units held by each current Director is as follows:

**Value of Shares, Exercisable Options and DS Units Held as at March 2, 2015**

Name	Shares (\$)	Exercisable Options (\$)	DS Units (\$)	Total Value (\$)
Hank Ketcham <sup>1</sup>	26,495,619	51,328,529	Nil	77,824,147
Clark S. Binkley	547,358	Nil	2,724,017	3,271,375
J. Duncan Gibson	889,147	Nil	1,220,088	2,109,235
John K. Ketcham	67,087,686	Nil	Nil	67,087,686
Samuel W. Ketcham	94,349,345	Nil	465,515	94,814,860
Harald H. Ludwig	787,942	Nil	2,570,012	3,357,954
Gerald J. Miller	833,670	Nil	327,165	1,160,835
Robert L. Phillips	686,600	Nil	465,515	1,152,115
Janice G. Rennie	68,660	Nil	1,240,343	1,309,003
Ted Seraphim <sup>2</sup>	1,179,853	2,307,377	Nil	3,487,231

1. Mr. Ketcham’s 5,940 RS Units and 6,040 PS Units would have a total value of \$822,547 based on \$68.66 per unit.
2. Mr. Seraphim’s 19,300 RS Units and 19,350 PS Units would have a total value of \$2,653,709 based on \$68.66 per unit.

**VOTING SECURITIES, PRINCIPAL SHAREHOLDERS AND NORMAL COURSE ISSUER BID**

As of March 2, 2015 a total of 81,246,856 Common shares and 2,281,478 Class B Common shares were issued, each carrying the right to one vote. Our Class B Common shares are equal in all respects to our Common shares and are exchangeable on a one for one basis for Common shares. Our Common shares are listed for trading on the TSX while our Class B Common shares are not. Certain circumstances or corporate transactions may require the approval of the holders of our Common shares and Class B Common shares on a separate class by class basis.

The Directors have fixed the close of business on March 11, 2015 as the record date for the Meeting, being the date for the determination of the registered holders of Shares entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

To the knowledge of the Directors and the Named Executive Officers (as defined in this Circular), the only persons who, as at March 2, 2015, beneficially owned or exercised control or direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to any class of our voting securities are as follows:

<b>Name of Beneficial Holder</b>	<b>Title of Class</b>	<b>Amount Beneficially Owned or Controlled</b>	<b>% of Class</b>	<b>% of Total Votes</b>
Ketcham Investments, Inc. <sup>1</sup> Seattle, Washington	Common	6,662,718	8.2	8.0
	Class B Common	1,743,228	76.4	<u>2.0</u> 10.0
Tysa Investments, Inc. <sup>2</sup> Seattle, Washington	Common	4,387,792	5.4	5.3
	Class B Common	333,066	14.6	<u>0.4</u> 5.7

1. Ketcham Investments, Inc. is controlled by the family of Henry H. Ketcham, our Executive Chairman.
2. Tysa Investments, Inc. is controlled by William P. Ketcham, one of our former directors. Information concerning holdings of Common shares has been provided by Tysa Investments, Inc.

On September 12, 2013 the Company announced it had received Toronto Stock Exchange approval for its normal course issuer bid to acquire up to 2,000,000 Common shares for cancellation (after giving effect to the Stock Dividend), representing approximately 2.5% of the then issued and outstanding Common shares, until expiry of the bid on September 16, 2014. From September 17, 2013 to September 16, 2014, under this bid the Company repurchased 1,906,554 Common shares for cancellation at an average price of approximately \$50.54. On September 5, 2014 the Company announced it had received Toronto Stock Exchange approval for its normal course issuer bid to acquire up to 4,000,000 Common shares for cancellation, representing approximately 5% of the then issued and outstanding Common shares, until expiry of the bid on September 16, 2015. From September 17, 2014 to March 2, 2015, under this bid the Company repurchased 310,900 Common shares for cancellation at an average price of approximately \$58.28.

## **APPOINTMENT OF THE AUDITOR**

Our current Auditor is PricewaterhouseCoopers LLP, Chartered Accountants, of 700 - 250 Howe Street, Vancouver, B.C. PricewaterhouseCoopers LLP has been our Auditor for more than five years.

The Auditor is appointed by the Shareholders, performs its role as the Auditor of our annual financial statements on their behalf, and reports the results of the audit to them. In order to assure the Shareholders that the audit is effective, the Auditor is required to confirm to the Audit Committee its independence from our management in connection with the audit. PricewaterhouseCoopers LLP has confirmed its independence from our management in connection with the audit of the consolidated financial statements for the period ending December 31, 2014.

All services provided by the Auditor are subject to the pre-approval of the Audit Committee through established procedures and a written policy. Management provides regular updates to the Audit Committee of the services that the Auditor undertakes on the Company's behalf.

During 2014, the Audit Committee met with the Auditor and members of management to review the overall scope and specific plans for the audit of our consolidated financial statements. In addition, the Auditor received and discussed our unaudited quarterly consolidated financial statements and earnings releases with management and the Audit Committee as required from time to time. Representatives of the Auditor meet with the Audit Committee in the absence of management representatives as part of each regularly scheduled meeting of the Audit Committee.

The Auditor, the Audit Committee and management maintain regular and open communications regarding the audit of our financial statements. No disagreement arose among the Auditor, the Audit Committee and our management on any matter affecting the audit of our financial statements.

For additional information concerning the Audit Committee and its members see “Audit Committee” in the Company’s Annual Information Form for the year ended December 31, 2014 which forms part of our 2014 Annual Report and is available at [www.sedar.com](http://www.sedar.com) under the Company’s profile.

## **ADVISORY RESOLUTION ON THE COMPANY’S APPROACH TO EXECUTIVE COMPENSATION (SAY ON PAY)**

Our executive compensation philosophy, policies and programs are based on the fundamental principle of pay-for-performance to align the interests of our executives with those of our Shareholders. This compensation approach allows us to attract and retain high-performing executives who will be strongly incentivized to create value for our Shareholders on a sustainable basis. As a Shareholder you are asked to consider and approve the following resolution:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Shareholders accept the approach to executive compensation disclosed in the Company’s information circular delivered in advance of the 2015 annual meeting of Shareholders of the Company.

Because your Say on Pay vote is advisory, it will not be binding upon the Board. However, the Compensation Committee of the Board will review and analyze the results of the vote and take into consideration such results when reviewing executive compensation philosophy, policies and programs. The Board confirms that the Company’s current practices achieve substantially the same results as the Canadian Coalition for Good Governance’s (CCGG) “Say on Pay” Policy for Boards of Directors released in September 2010.

The management proxyholders intend to vote FOR the approval of the advisory resolution on executive compensation, except in relation to Shares held by a Shareholder who instructs otherwise.

## **OUR CORPORATE GOVERNANCE POLICIES AND PROCEDURES**

### **Governance Policy**

Our Board of Directors believes that sound governance practices are essential to the effective and efficient operation of the Company and to the enhancement of Shareholder value. We established a corporate governance policy (the “Governance Policy”) in 2002 which was updated and re-approved by our Board in 2007. The full text of the Governance Policy may be reviewed on our website at [www.westfraser.com](http://www.westfraser.com).

The following disclosure has been prepared under the direction of our Governance & Nominating Committee and has been approved by the Board.

### **Executive Chairman of the Board**

Hank Ketcham was appointed our Chief Executive Officer and President in 1985 and assumed the role of Chairman of the Board in 1996. In 2012 he relinquished the title of President and on March 1, 2013 Mr. Ketcham retired as our Chief Executive Officer and was designated as our Executive Chairman of the Board. Ted Seraphim was appointed our President on April 19, 2012 and also became our Chief Executive Officer on March 1, 2013. The Board has considered the issue of the Executive Chairman’s

relationship with management in the context of the need to ensure the Board's independence from management and has determined that the Executive Chairman is sufficiently aligned with Shareholder interests to ensure Board independence from management. The Executive Chairman is a director and shareholder, and is related to the other directors and shareholders, of Ketcham Investments, Inc., whose shareholdings are described under "Voting Securities, Principal Shareholders and Normal Course Issuer Bid" on page 16. Ketcham Investments, Inc. acts in concert with Tysa Investments, Inc. which is also one of our principal Shareholders. The Board considers that these relationships assure that the interests of the Executive Chairman are closely aligned with Shareholder interests and that separating the position of Chairman from executive functions is an unnecessary step. However, the Board has established the position of Lead Director to ensure that the Board's independence from management is clear in appearance as well as in fact.

### **Lead Director**

Bob Phillips has been our Board's Lead Director since February 2008. Our Board has stipulated that if, and as long as, the Chairman of the Board is not independent of management, the Board will ensure that one of its independent Directors is appointed as Lead Director. The Lead Director's role is to focus on enhancing the effectiveness of the Board and to help ensure that it functions in an independent and cohesive fashion. In addition, the Lead Director participates in setting agendas for Board meetings, chairs meetings of the Governance & Nominating Committee of the Board, acts as a liaison between members of the Board and management when necessary, and ensures that the Board has the resources necessary to effectively carry out its functions.

### **Governance & Nominating Committee**

The Board has established a Governance & Nominating Committee comprised entirely of independent Directors. The mandate of the Committee is summarized later in this Circular under "Committees of the Board" on page 24. The Board, through the Committee, monitors changes to the regulatory, business and investment environments with respect to governance practices and regularly reviews governance issues with a view to ensuring that both our Governance Policy and our actual practice continue to serve the best interests of our Shareholders, employees and other stakeholders. The Committee also focuses on the performance of the Executive Chairman and the President and Chief Executive Officer and on management succession.

### **Majority Voting Policy and Advance Notice Policy**

In February 2011, the Board reviewed and adopted a majority voting policy on the recommendation of the Governance & Nominating Committee. Under this policy, a director who is elected in an uncontested election with more votes withheld than cast in favour of his or her election will be required to tender his or her resignation to the Chairman of the Board. The resignation will be effective when accepted by the Board, and any director who tenders his or her resignation may not participate in the deliberations of either the Committee or the Board. The Governance & Nominating Committee will consider the resignation and make its recommendation to the Board on whether the resignation should be accepted. The Board expects that resignations will be accepted unless there are extenuating circumstances that warrant a contrary decision. The Board will announce its decision (including the reasons for not accepting any resignation) by way of a news release within 90 days of the date of the meeting at which the election occurred. Management will not re-nominate for re-election any director who fails to comply with this policy.

Pursuant to the advance notice policy adopted by the Board on February 13, 2014 and subsequently incorporated as an amendment to our Articles following approval by Shareholders on April 29, 2014, any additional Director nominations for the Meeting must have been received by the Company no later than

the close of business on March 27, 2015. No such nominations have been received as of the date of this Circular. If no such nominations are received by the Company prior to such date, management's nominees for election as Directors set forth above will be the only nominees eligible to stand for election at the Meeting. The advance notice provisions provide Shareholders, Directors and management of the Company with a clear framework for nominating Directors. See our Articles on SEDAR for the terms of our advance notice provisions.

### **Code of Conduct**

In 2004 the Board approved a Code of Conduct for the Company and its Directors, officers and employees. The Code sets out expectations for compliance with laws, safety and health, environmental stewardship, discrimination and harassment, conflicts of interest, ethical conduct, fair dealing and other areas. On February 13, 2014 the Board approved amendments to the Code which included provisions prohibiting certain insiders who are subject to minimum shareholding requirements from purchasing financial instruments designed to hedge or offset any decrease in the market value of our Shares, Options or units, and on February 18, 2015 the Board approved amendments, which included additional provisions related to the Company's commitment to human rights and compliance with anti-bribery laws. The Code also establishes a "whistle-blower" procedure for the reporting of potential breaches of the Code. The Code includes an acknowledgement with respect to compliance to be confirmed by each Director and each member of management. All Directors, members of management and substantially all salaried employees periodically confirm compliance with the Code of Conduct and any instances of non-compliance are reported to the Board. The full text of the Code of Conduct may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### **Charters**

The Board has developed and approved formal charters for each of the Audit, Compensation, Governance & Nominating and Safety & Environment Committees as well as formal position descriptions for each of the positions of Chairman of the Board, Lead Director and Chief Executive Officer. The charters and position descriptions were reviewed and revised by the Board in 2010. The Chairman of the Board's general mandate is to ensure the effective and independent conduct of the Board. The Lead Director's general mandate is to plan and chair meetings of the Governance & Nominating Committee, and the Chief Executive Officer's general mandate is to implement the Company's strategic and operating plans and enhance Shareholder value. These materials may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### **Minimum Equity Holding**

On the recommendation of the Board's Compensation Committee, we have adopted a minimum requirement with respect to holding of our equity interests by Directors and senior executives. Each Director is expected to acquire and hold Shares and DS Units totalling not less than 10,000. All current directors and the new nominee are in compliance with this requirement. For a description of the holdings of the Directors see the chart on page 16. The equity interest holding requirements for senior executives are described under "Executive Compensation Discussion and Analysis – Report on Executive Compensation - Executive Equity Holding Requirements" on page 32.

### **Mandate of the Board**

Our Board has expressly assumed overall responsibility for the stewardship of the Company, including responsibility for (i) adoption of a strategic planning process and approval of a strategic plan, (ii) identification of the principal risks of our business and implementation of appropriate systems to manage these risks, (iii) succession planning, including appointment, training and monitoring of our senior management, (iv) implementation of a communication policy regarding our disclosure of corporate

information, and (v) ensuring the integrity of our internal control and management information systems including accounting systems.

The Board met six times in 2014, five of which were regularly scheduled meetings. During the regularly scheduled meetings the Board received, reviewed and contributed to management's strategic planning and operating and capital plans, taking into account identified business opportunities and business risks. In conjunction with the ongoing planning process, the Board regularly reviews, with management, the strategic environment, the emergence of new opportunities and risks, and the implications for our strategic direction.

The Board has, with the advice of management, identified the principal risks of our business and has overseen management's establishment of systems and procedures to ensure that these risks are monitored. These systems and procedures provide for the effective management of our manufacturing assets, forest resources and financial resources, and compliance with all regulatory obligations. At each regularly scheduled Board meeting management submits a matrix identifying key short term and long term risks together with an analysis of each risk and management's mitigation strategy. The matrix is regularly reviewed by the Board and consideration is given to any changes in circumstances that could either heighten or diminish the nature of a particular risk. The Board understands that our major risks are associated with safety, the environment, access to raw materials and our product end markets.

The Board receives and reviews regular reports on our operations, including reports dealing with safety and environmental issues.

The Board is responsible for the supervision of our senior management to ensure that our operations are conducted in accordance with objectives set by the Board. All appointments of senior management are approved by the Board. As part of our planning process, succession planning for senior management positions is regularly reviewed and discussed.

### **Corporate Disclosure Policy**

The Board has, as part of our Governance Policy, approved a Corporate Disclosure Policy that is intended to ensure that all material information relating to the Company is communicated appropriately to our Shareholders and the public. The Policy also applies to the dissemination of annual and quarterly reports, news releases and environmental reports. The Corporate Disclosure Policy may be viewed on our website at [www.westfraser.com](http://www.westfraser.com). In addition to annual general meetings, meetings are held from time to time each year between management representatives and various investors, investment analysts, credit rating agencies and financial institutions, all of which are governed by the Corporate Disclosure Policy.

### **Audit Committee**

The Board, through the Audit Committee, is responsible for overseeing the Company's financial reporting and audit process and ensuring that management has designed and implemented an effective system of internal controls and management information systems. The Audit Committee generally meets twice annually with the Auditor to discuss the annual audit. These meetings are in addition to regular meetings, in which the Auditor participates, during which the Audit Committee reviews and approves certain of our quarterly reports. The Audit Committee has complete and unrestricted access to the Auditor.

### **Decisions Requiring Prior Approval by the Board**

The Board has overall responsibility for the stewardship of the Company. Any responsibility that is not delegated to management or to a committee of the Board remains with the full Board. We maintain policies with respect to matters requiring prior approval of the Board. These policies, and understandings

between management and the Board through previous Board practice and accepted legal practice, require that our annual operating and capital plans, significant capital expenditures and all transactions or other matters of a material nature involving the Company or any of its Subsidiaries must be presented by management for approval by the Board.

### **Shareholder Feedback and Concerns**

In addition to the information provided to Shareholders in connection with the annual general meetings of Shareholders and the continuous disclosure requirements of securities regulatory authorities, we maintain a policy of ongoing communication with investors and with representatives of the investment community. This process consists of periodic meetings with investment fund managers and investment analysts as well as individual investors and Shareholders, although always in circumstances that assure full compliance with disclosure requirements. All news releases issued by us are available for viewing on our website at [www.westfraser.com](http://www.westfraser.com). Inquiries by Shareholders are directed to, and dealt with by, members of senior management. Shareholders and potential investors are encouraged to communicate on any issues, including those relating to executive and Director compensation, directly with members of our senior management. All communications are subject to our Corporate Disclosure Policy.

### **Expectations of Management**

The Board has determined its expectations of management, which include provision of information and implementation of processes that enable the Board to identify risks and opportunities for the Company, the identification of appropriate comparisons and benchmarks against which our performance may be measured, and the provision of data that permits the Board to monitor ongoing operations, and management understands these expectations. As part of the ongoing process of monitoring the performance of management, at each Board meeting the Board receives operational updates on each of our business units. These updates compare actual performance to our annual plan and historical results and include a discussion of all significant variances. During the past several years the Board has been actively involved in planning, implementing and overseeing the succession of the Chief Executive Officer role from Hank Ketcham to Ted Seraphim.

As part of the monitoring process, the Chief Executive Officer submits to the Board at the beginning of each year a written report setting out goals, expectations and priorities for the year. These are reviewed by the Board and may be varied based on the Board's comments. At the end of the year, a report is submitted to the Board by the Chief Executive Officer that sets out achievements relative to the original goals and expectations. Both the Board and the Chief Executive Officer expect that the level of those achievements will be taken into account when establishing the executive's compensation for the following year.

### **Composition of the Board**

#### *Independence*

We are required to disclose which of our Directors are, or are not, "independent" of management as that term is used in National Instrument 52-110. Seven of our nine current Directors, all of whom are being re-nominated for election, are independent. Below is a summary of the basis of our determinations:



Name	Determination and Basis
Hank Ketcham	Non-independent Basis for Determination: Currently our Executive Chairman.
Clark S. Binkley	Independent
J. Duncan Gibson	Independent
John Ketcham	Independent (see commentary below)
Harald H. Ludwig	Independent
Gerald J. Miller	Independent (see commentary below)
Robert L. Phillips	Independent
Janice G. Rennie	Independent
Ted Seraphim	Non-independent Basis for Determination: Currently our President and Chief Executive Officer.

John Ketcham is the cousin of Hank Ketcham, the Company’s Executive Chairman. The Board has considered this relationship and interest, including the shareholding interests of Hank Ketcham and John Ketcham, and has determined that John Ketcham is sufficiently independent of our management and has interests aligned with Shareholders to the extent that such independence qualifies him to be a member of the Governance & Nominating Committee and make a valuable contribution in that role.

Where an individual is, or has been within the last three years, an employee or executive officer of an issuer, National Instrument 52-110 provides that such individual is deemed to have a material relationship with the issuer and thus would be considered non-independent of the issuer. Gerald J. Miller retired as an employee and senior officer of the Company on July 31, 2011. As the third anniversary of his retirement has passed, he may be considered independent if the Board determines that he is otherwise sufficiently independent of management. The Board has considered Mr. Miller’s prior employment with the Company, and the Board has determined that, given the passage of time and other factors including Mr. Miller’s active participation as a director since 2012 and his experience as a director of another Canadian public company, Mr. Miller is sufficiently independent of our management.

The Governance & Nominating Committee, which is comprised of all Directors other than Hank Ketcham, our Executive Chairman, Ted Seraphim, our President and Chief Executive Officer, and, before August 1, 2014, Gerald J. Miller, meets without any members of management present as part of each regularly scheduled meeting of the Board. There were five such meetings during 2014.

*Gender Diversity – Board and Executive Officers*

One out of the nine directors (or approximately 11%) on the Board is a woman. One out of seven of the independent directors (or approximately 14.3%) on the Board is a woman.

The Company and its major subsidiaries have in the aggregate ten executive officers, none of which are women.

**Gender Equality**

The Company is committed to providing equal opportunities for individuals who have the necessary qualifications for employment and advancement within the Company. The Company’s objectives, as outlined in its Code of Conduct, include providing a work environment that is free of discrimination and harassment, including based on gender. The Board is subject to and ultimately responsible for the oversight of adherence to its Code of Conduct.

The Company has not adopted a formal written policy relating to the identification and nomination of female director nominees or executive officer candidates. However, as described under “Information

Regarding Nominees For Election As Directors – Board Renewal – Skills Matrix” on page 13, when identifying new candidates for nomination to the Board, the Governance Nominating Committee takes into account a broad variety of factors it considers appropriate, including skills, independence, financial acumen, board dynamics and personal characteristics, including gender. In addition, diversity in perspective arising from personal, professional or other attributes and experiences are considered when identifying potential director candidates. Further, the charter of the Governance Nominating Committee provides that the Committee will review and make recommendations to the Board on the composition of the Board in order to ensure that the Board has the requisite expertise and that its membership consists of persons with sufficiently diverse and independent backgrounds, with a view to facilitating effective decision-making. Similarly, in the process of identifying candidates for executive officer appointments, the Company does consider whether our senior executive group consists of persons with sufficiently diverse and independent backgrounds.

The Company does consider gender diversity to be important and believes that its current framework for evaluating Board and executive officer candidates takes into account gender diversity. The Company also encourages female candidates to apply for vacant positions, and the Company is an equal opportunity employer. However, the priority of the Company in recruiting new candidates is ensuring individuals bring value to the Company and its shareholders by possessing a suitable mix of qualifications, experience, skills and expertise.

The Board currently has one female director; however the Company does not currently intend to adopt targets for female nominee directors or executive officers as the composition of the Board and the senior executive group is based on a broad variety of factors the Company considers appropriate and it is ultimately the skills, experience, characteristics and qualifications of the individual that are most important in assessing the value the individual could bring to the Company.

### **Serving on Other Boards**

Each of Harald Ludwig, Bob Phillips and Janice G. Rennie is an active corporate director serving on several corporate boards. The Board and the Governance & Nominating Committee have reviewed each of their board memberships and determined that they have demonstrated that they devote the required time and attention to discharge their duties as members of our Board. Mr. Ludwig, Mr. Phillips and Ms. Rennie have all demonstrated a strong understanding of West Fraser’s business, have been well prepared for all Board and committee proceedings and make consistent and valuable contributions to those proceedings. In 2014, Messrs. Ludwig and Phillips and Ms. Rennie maintained a 100% attendance record at Board and committee meetings. They also made themselves available to meet with management and fellow directors and attend tours of the Company’s facilities on an ad hoc basis whenever required to do so.

The disclosure under “Information regarding Nominees for Election as Directors” on page 10 lists the other public company directorships held by our Directors. West Fraser does not limit the number of outside directorships. The Governance & Nominating Committee discusses our Director expectations with potential candidates to ensure the candidates understand the time commitments and expectations before agreeing to be nominated as a Director of the Company.

### **Committees of the Board**

The Board has concluded that, because of its relatively small size, committees of the Board should be kept to a minimum so that all members of the Board are able to participate in discussions on significant issues. Matters that are outside of management’s authority are reported to and approved by the Board.

Committees of the Board may engage outside advisors at the expense of the Company. Under the Governance Policy an individual Director may, with the approval of the Board, retain an outside advisor at our expense.

The Board has appointed the following four committees of the Board, each of which is comprised entirely of Directors who are not members of our management: Audit, Compensation, Safety & Environment, and Governance & Nominating.

***Audit Committee***

Chair: Janice G. Rennie

Other Members: Clark S. Binkley  
J. Duncan Gibson

The full text of the Audit Committee Charter, which forms part of our Annual Information Form which is included in our Annual Report, is available for viewing on our website at [www.westfraser.com](http://www.westfraser.com). The Audit Committee is responsible for reviewing our annual financial statements and making recommendations as to approval of the annual financial statements by the Board. Material issues related to the audit of our internal control and management information systems are discussed by management representatives and the Committee as they arise. The Committee has typically been delegated the authority to approve certain of our quarterly financial statements and quarterly earnings announcements before publication. The Audit Committee has direct access to the Auditor and is responsible for approving the nomination, and establishing the independence, of the Auditor. The role of the Committee has been discussed at various times with our Auditor.

Under NI 52-110 the Audit Committee must be comprised of independent directors. An “independent director” is a director that has no direct or indirect material relationship with the Company, including not being affiliated with management or the Company in terms of specific family or commercial relationships. In addition to being independent, each member of our Audit Committee is considered “financially literate” as that term is used in NI 52-110.

Additional disclosure concerning the Audit Committee is contained in our Annual Information Form, which is included in our Annual Report, under the heading “Audit Committee”.

***Compensation Committee***

Chair: Harald H. Ludwig

Other Members: Robert L. Phillips  
Janice G. Rennie

The Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to the remuneration of our senior management and the remuneration of each Director, and has the authority to grant share purchase options (“Options”) to officers and employees under our Stock Option Plan. This Committee reviews the remuneration of Directors and senior management each year.

The Charter of the Compensation Committee may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### ***Safety & Environment Committee***

Chair: Clark S. Binkley

Other Members: J. Duncan Gibson  
Samuel W. Ketcham  
Gerald J. Miller

The Safety & Environment Committee is responsible for monitoring our safety and environmental performance. The Committee conducts an ongoing review of our safety and environment-related policies and performance, including compliance with applicable laws and regulations. The Committee also reviews the suitability and effectiveness of safety and environment management systems and environment sustainability certification programs to which we subscribe. The Charter of the Safety & Environment Committee may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

### ***Governance & Nominating Committee***

Chair: Robert L. Phillips

Other Members: Clark S. Binkley  
J. Duncan Gibson  
Samuel W. Ketcham  
Harald H. Ludwig  
Janice G. Rennie

The Governance & Nominating Committee is comprised of each Director who is “independent” of management as that term is used in National Instrument 52-110. The Charter of the Committee may be viewed on our website at [www.westfraser.com](http://www.westfraser.com). The Committee is responsible for providing support for the governance role of the Board and, as part of that support, reviews and makes recommendations on the composition of the Board, periodically assesses the function of the Board and its Committees, and monitors developments in corporate governance. In addition, this Committee is responsible for establishing criteria and procedures for identifying candidates for election to the Board, engaging search firms, where necessary, and recommending (to the Board) nominees to stand for election as Directors. The Committee also regularly assesses the performance of the Chief Executive Officer and reviews and assesses succession plans for management submitted to it on a regular basis. The Committee regularly reviews succession alternatives and planning for the Chief Executive Officer position. The Committee, together with the Chief Executive Officer manages an ongoing formal process to assess the abilities, readiness and interests of members of the current executive group and oversees appropriate skills development.

### **Orientation Program and Continuing Education**

New Directors receive a broad range of materials that provide both historical and forward-looking information concerning West Fraser, its operations, senior management and the Board, and its strategic objectives. As part of our orientation program, new Directors have an opportunity to meet with senior management to discuss our business, receive historical and current operating and financial information and are encouraged to tour our facilities.

We do not have a formal continuing education program for our Directors. Each of our Directors has had, or currently has, executive or board of director responsibilities and there is a regular sharing of those experiences which assists our Board in identifying and adopting, on a continuing basis, best corporate governance practices. Board proceedings include periodic presentations by industry experts and Directors

will tour our facilities from time to time which contributes to a more complete understanding of our business.

A key part of each regularly scheduled Board meeting is a business overview provided by the Chief Executive Officer. This overview includes an operational and financial review but also provides perspectives on growth strategies, human resources, political, legal and regulatory issues and material changes in our risk environment. These discussions help our Directors to understand the full scope of our underlying business environment when making decisions that affect our future.

### Performance Reviews

The Governance & Nominating Committee regularly and, not less frequently than annually, reviews the performance of the Board and its Committees. This review has been conducted both by way of a formal questionnaire and report and by informal interviews and discussions led by the Executive Chairman or the Lead Director. The Board performance review also includes a “peer” or individual director review process. To date no significant problem with respect to performance of the Board, any Committee or any individual director has been identified.

### Meeting Attendance Record

In 2014 the attendance record for Board meetings was 100%. The following chart sets out meeting attendance records of each Director during 2014, including each Committee of which the Director is currently a member.

Director	Committees				
	Board Meetings	Audit	Compensation	Safety & Environment	Governance & Nominating
H.H. Ketcham	6 of 6	—	—	—	—
C.S. Binkley	6 of 6	5 of 5	—	2 of 2	5 of 5
J.D. Gibson	6 of 6	5 of 5	—	2 of 2	5 of 5
S.W. Ketcham	6 of 6	—	—	2 of 2	5 of 5
H.H. Ludwig	6 of 6	—	2 of 2	—	5 of 5
G.J. Miller	6 of 6	—	—	2 of 2	—
R.L. Phillips	6 of 6	—	2 of 2	—	5 of 5
J.G. Rennie	6 of 6	5 of 5	2 of 2	—	5 of 5
Ted Seraphim	6 of 6	—	—	—	—

## EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

### Report on Executive Compensation

**All references to the number of West Fraser shares, share prices, earnings per share, options and other equity-based incentives reflect the payment and adjustments resulting from the Stock Dividend which has been applied retroactively to earlier comparative periods.**

The policy of the Compensation Committee and the Board of Directors with respect to executive compensation is to provide compensation to each executive officer in the form of a base salary, employment benefits, performance-related bonus, equity-based long-term incentives and post-retirement pension benefits in order to attract and retain a highly-motivated, cohesive and results-oriented management team. Total compensation for each executive officer is designed to be competitive with that provided by comparable companies in Canada to executive officers in similar positions as well as to align

the interests of executive officers with those of our Shareholders and not encourage excessive risk taking. Each of the components of total compensation is established based on the following criteria:

- |                        |   |
|------------------------|---|
| Base Salary            | – to be below the median base salaries for comparable positions   |
| Annual Incentive Bonus | – based on our financial performance above a minimum return on shareholders' equity, and targeted to be below the median for comparable positions |
| Long-Term Incentive    | – to be above the median on long-term incentives for comparable positions   |

Overall, the compensation package is designed to compensate executive officers for above-average, long-term, sustainable financial results, and is designed to be competitive at the 50% percentile for overall compensation for comparable positions.

In order to establish compensation for executive officers other than the Executive Chairman and the Chief Executive Officer (the "CEO"), the Committee receives recommendations with supporting documentation, including data on comparable compensation levels, from the Executive Chairman and the CEO. The Committee considers the recommendations and comparative data and makes its recommendation to the Board. In respect of compensation for the CEO, the Committee bases its recommendation to the Board on its review of comparable compensation data for chief executive officer positions.

In determining the comparability of similar positions in other companies the Committee considers responsibility levels as well as industry similarity, annual revenues and market capitalization of the selected companies. For positions where compensation data is not comparable, internal guidelines and data are used.

We use, and periodically participate in, broad-based compensation surveys prepared by independent consulting firms. As well, from time to time we and the Committee may obtain specific benchmarking data prepared by independent consulting firms. This information, along with Company-specific data, is considered when establishing compensation for executive officers.

The Peer Group for the compensation benchmarking study includes the following publicly-traded, Canadian companies:

<b>Paper and Forest Products</b>	<b>Capital-Intensive</b>	
Resolute Forest Products Inc.	ARC Resources Ltd.	Pembina Pipeline Corporation
Canfor Corporation	ATCO Ltd. and Canadian Utilities Limited	Pengrowth Energy Corporation
Domtar Corporation	Canadian Oil Sands Limited	Penn West Petroleum Ltd.
Norbord Inc.	Canadian Pacific Railway Limited	ShawCor Ltd.
Tembec Inc.	Emera Incorporated	SNC-Lavalin Group Inc.
	Finning International Inc.	Toromont Industries Ltd.
	GLV Inc.	TransAlta Corporation
	IAMGOLD Corporation	Veresen Inc.
	Methanex Corporation	Wajax Corporation

#### *Composition of the Compensation Committee*

The Committee currently consists of three independent Directors each of whom has held senior executive roles which have included involvement in executive compensation issues. The Committee met twice in 2014 to review matters relating to the compensation of Directors and executive officers. In addition to

meetings, members of the Committee regularly receive reports and advice from independent consultants and members of senior management on executive compensation issues. The Board gives final approval on all matters relating to the compensation of Directors and our executive officers, although Options may be granted under the Stock Option Plan by the Committee. None of the members of the Committee is indebted to the Company.

See also “Our Corporate Governance Policies and Procedures – Committees of the Board – Compensation Committee” on page 25.

### ***Base Salaries***

The Committee reviews base salaries periodically and considers annual adjustments to be effective in October of each year. The most recent review of base salaries was conducted in September 2014.

In determining its September 2014 recommendation for the base salary of each executive officer, the Committee considered the comparative data for the Peer Group.

### ***Annual Incentive Bonus Plan***

The annual incentive bonus plan (the “Bonus Plan”) covers our CEO and our Vice-Presidents. The Executive Chairman ceased to participate in the Bonus Plan effective at the beginning of 2015. The Bonus Plan is the variable compensation component of total executive compensation designed to compensate these officers annually based on the achievement of our objective annual financial return targets.

The bonus is calculated as a percentage of current salary, with the percentage based on the annual return (adjusted by excluding equity-based compensation expense or recovery) on average Common Shareholders’ equity (“ROSE”) above a minimum return. If the annual ROSE is below 5% bonuses are not payable under the Bonus Plan. At the 5% ROSE level, bonuses for the Vice-Presidents are 17.5% of base salary. The bonus percentage increases as the ROSE increases and the bonus percentage will reach 100% of base salary at a 15% ROSE level, which is the maximum bonus percentage payable. In any year, the bonus percentage for the CEO is equal to 125% of the bonus percentage for other officers covered by the Bonus Plan.

The Board may, in its discretion, also consider other issues, including safety performance, when determining the amount, if any, of bonuses earned under the Bonus Plan that will be paid.

In each of 2013 and 2014 the annual ROSE exceeded the minimum threshold and annual incentive bonuses were awarded to each of the qualifying senior executives in accordance with the Bonus Plan and were paid in the following year. See “Clawback Policy” on page 31 which applies to the Bonus Plan.

### ***Long-Term Incentive Component***

The long-term incentive component of compensation is comprised of equity-based share purchase options (“Options”) and phantom share units (which are either RS Units or PS Units) that are intended to directly align the long-term interests of our senior management with those of our Shareholders. The proportion of Options and phantom share units included in a long-term incentive grant will vary from time to time at the discretion of the Board.

## Stock Option Plan

The Board established the Stock Option Plan on February 24, 1994 as a means of recognizing contributions to the Company made by Directors, officers and employees and to provide a long-term incentive for their continuing relationship with the Company and its subsidiaries. Directors ceased to participate under the Stock Option Plan in 2004. The Stock Option Plan has been amended from time to time to increase the number of Common shares that may be issued under Options granted under it, to impose certain limits on the number of Options that may be issued to our insiders, to establish certain restrictions on amendments to the Stock Option Plan without Shareholder approval, to provide for certain automatic extensions for Options expiring during or within five business days of a blackout period under the Company’s Securities Trading Policy, and to address certain incidental housekeeping changes. See also “Option Grants” on page 36.

### Outstanding and Authorized Options (as at March 2, 2015)<sup>1</sup>

Year	Outstanding	Weighted Average Price	Remaining Authorized	Total	% of Outstanding Common Shares <sup>2</sup>
2015	2,313,100	\$26.66	272,831	2,585,931	3.1
2014	2,628,217	\$23.07	412,251	3,040,468	3.6
2013	3,025,900	\$21.01	574,096	3,599,996	4.3

1. Figures reflect the payment and adjustments resulting from the Stock Dividend.

2. Based on 83,528,334 outstanding Common shares.

Since the introduction in 2003 of the right of a holder to surrender an Option for a cash payment (the “Cash Value Alternative”) under the Stock Option Plan, 131,006 Options have been exercised for Common shares, resulting in less than a 0.1% dilution to Common shareholders. See “Option Grants” on page 36. Of the 2,313,100 outstanding Options, 1,753,670 are exercisable. Of the outstanding Options, 2,118,334 Options were held by insiders representing 2.5% of the total number of issued and outstanding Common shares and Class B Common shares as of March 2, 2015. A total of 161,845 Options were granted to officers or employees in 2014 and a total of 139,420 Options were granted to officers or employees in 2015.

Our Board has adopted a policy to manage the Stock Option Plan with a goal of limiting the potential dilution of outstanding and remaining authorized Options to 5% of the number of our outstanding Shares.

## Phantom Share Unit Plan

In 2010 the Board approved the Phantom Share Unit Plan which is intended to supplement or, in whole or in part, replace, the granting of Options as long-term incentives for officers and employees. This plan provides contingent future compensation based on Common share price performance, but is payable only in cash and represents no potential for Shareholder dilution. The Committee and the Board believe that this plan, combined with other components of compensation, provides a broader range of alternatives in developing retention and performance incentives for officers and employees that more directly align their interests with those of current and future Shareholders.

The plan permits the Board to grant, as it determines appropriate, two types of units which vest on the third anniversary of the grant date. A vested RS Unit must be redeemed by us by payment to the holder



of an amount equal to the volume weighted average trading price of a Common share over the 20 trading days immediately preceding its vesting date (the “vesting date value”). A vested PS Unit must be redeemed by us by payment to the holder of an amount determined by the Board of between 0% and 200% of its vesting date value contingent upon our performance relative to a peer group of companies over the three year performance period. At the end of such period, the Company’s performance is measured by reference to both the Company’s total cumulative shareholder return and the average of its annual total cumulative return on capital employed relative to its peer group. The amount paid, if any, on such PS Units is based on an equal weighting of these two performance measurements although if the return on capital employed is negative for the period the weighting for that factor is capped at one-half its potential maximum, regardless of relative performance. The peer group used for the purposes of the Phantom Share Unit Plan currently consists of Canfor Corporation, International Forest Products Limited, Tembec Inc., Western Forest Products Inc. and Weyerhaeuser Company, all of which are North American publicly-traded forest products companies. This peer group may be reviewed and changed by the Board, from time to time, as it deems appropriate. The Board also has discretion to vary the payout calculation as it considers appropriate to take into account factors which may have a significant or extraordinary effect on relative performance.

Officers and employees granted units under the Phantom Share Unit Plan are also entitled to additional units to reflect cash dividends paid on Common shares from the applicable grant date until payout. The final amount to be paid, in cash, to each officer or employee on RS Units and PS Units is based on the type and number of vested units she or he holds multiplied by the applicable payout value. Other than officers or employees who retire, become totally disabled or die, units will be automatically cancelled, without payout, on termination of employment or resignation. In the event of retirement, total disability or death of a holder of RS Units or PS Units granted after 2012, the vesting date value will be pro-rated based on the proportion of the three-year period that the holder was an officer or employee.

In each of February 2014 and 2015 the Board granted units under the Phantom Share Unit Plan to officers and employees. In the case of executive officers, the proportions of the grants for each of the RS Units and the PS Units were equal. See also “Clawback Policy” on page 31 which applies to the Phantom Share Unit Plan.

### ***Post-Retirement Pension Benefit***

Executive officers, including the CEO, are members of our non-contributory defined benefit pension plans for salaried employees. The pension benefit provided under these pension plans is described starting at page 41 of this Circular. The Company does not provide any additional post-retirement benefits, such as medical or dental insurance, to the executive officers.

### ***Clawback Policy***

We have recognized a trend in recent years towards the adoption of recoupment and “clawback” policies, particularly among large public companies. As a prudent aspect of risk management and our commitment to operate consistently with good governance practices, the Board in 2013 approved amendments to the Phantom Share Unit Plan and the Bonus Plan to incorporate payment adjustment provisions. These Plans now both contain financial restatement triggers permitting West Fraser to recoup the amount of the incentive awards that have been paid in excess of the amount that would have been payable under the restated financial statements or deduct such excess amount from future payments to be made under such Plans. These payment adjustment provisions also allow the Company to adjust incentive awards upwards to reflect restated financial statements that are more favourable than the original financial statements. The payment adjustment provisions have a three year look-back period.

### ***CEO's Compensation***

In recommending compensation for the CEO, the Committee follows similar principles to those applied for all of our other executive officers. The Committee considers market competitive-salary information for chief executive officer positions in similar-sized companies in Canada. This includes manufacturing companies in other sectors as well as in the forest products sector. The Company periodically participates in broad-based compensation surveys and also periodically seeks the advice of independent compensation consultants engaged to review the executive compensation program. In 2013 Towers Watson, a professional services firm, conducted a survey on our behalf concerning CEO compensation. The survey results, along with Company-specific data, are used to determine the competitiveness of the CEO's compensation and its alignment with the interests of Shareholders. The CEO establishes, with guidance and direction from the Board, annual goals and reports to the Board at the end of each year on his performance against those goals. The Committee considers this performance when considering its recommendation of compensation of the CEO.

Details of our CEO's compensation are described in the table titled "Summary Compensation Table".

### ***Executive Equity Holding Requirements***

In February 2013 our Board approved the adoption of minimum equity holding requirements. In September 2013, on recommendation of the Compensation Committee, the Board revised the policy with respect to the CEO to better align with what the Board considered best governance practices. Each senior executive is required to hold Shares and RS Units having a value of not less than the executive's salary in the case of a Vice-President and not less than three times the executive's salary in the case of the CEO (originally two times). Current senior executives will have until January 1, 2018 to comply with this requirement and newly-appointed senior executives will have five years from date of appointment to meet the minimum equity holding requirement.

For the purposes of the following disclosure, the following officers are each a "Named Executive Officer" of the Company:

Hank Ketcham, Executive Chairman,  
Ted Seraphim, President and Chief Executive Officer.  
Ray Ferris, Vice-President, Wood Products,  
Larry Hughes, Vice-President, Finance and Chief Financial Officer and Secretary, and  
Chris McIver, Vice-President, Lumber Sales and Corporate Development.

The following table shows the total holdings of Shares and RS Units held by each Named Executive Officer as at March 2, 2015 valued based on the Closing Price of \$68.66.

**Named Executive Officer Share and Unit Holdings  
(March 2, 2015)**

Named Executive Officer	Shareholdings <sup>1</sup>	RS Unit holdings	Value of total holdings (\$)	Total as multiple of 2014 salary
<b>Hank Ketcham</b> <sup>2,3</sup> Executive Chairman	385,896 <sup>2</sup>	5,940	26,903,460	59.8
<b>Ted Seraphim</b> <sup>3</sup> President and Chief Executive Officer	17,184	19,300	2,504,991	4.0
<b>Ray Ferris</b> <sup>3</sup> Vice-President, Wood Products	4,880	7,775	868,892	2.2
<b>Larry Hughes</b> <sup>3,4</sup> Vice-President, Finance and Chief Financial Officer and Secretary	11,258	7,255	1,271,102	3.4
<b>Chris McIver</b> <sup>3</sup> Vice-President, Lumber Sales and Corporate Development	4,836	6,100	750,865	2.4

1. Includes Common and Class B Common shares.
2. Does not include 6,662,718 Common shares and 1,743,228 Class B Common shares of the Company held by Ketcham Investments, Inc.
3. Named Executive Officers also hold PS Units as follows: H. Ketcham – 6,040; T. Seraphim – 19,350; R. Ferris – 7,825; L. Hughes – 7,305; C. McIver – 6,130.
4. Mr. Hughes also holds 3,481 DS Units.

On February 13, 2014 the Board approved amendments to our Code of Conduct which included provisions prohibiting insiders from purchasing financial instruments designed to hedge or offset any decrease in the market value of our Shares, Options or units.

***Independent Consultant***

Towers Watson has provided consulting services to us for several years with respect to executive and non-executive compensation. In 2012 the Committee adopted a protocol under which all consulting services provided by Towers Watson related to executive compensation must be retained and authorized by the Committee. Towers Watson reports to the Committee as outside compensation consultant to advise on compensation policies including providing information on comparative levels of compensation for senior executives and directors. In 2013, in addition to a survey concerning CEO compensation, the Committee also received advice from Towers Watson on various executive compensation issues. In 2014 Towers Watson provided a survey of Executive Chairman compensation as well as other advice on executive compensation. Towers Watson's fees for 2012, 2013 and 2014 for such services were \$11,383, \$57,212, and \$21,362 respectively.

***Compensation Committee Responsibility***

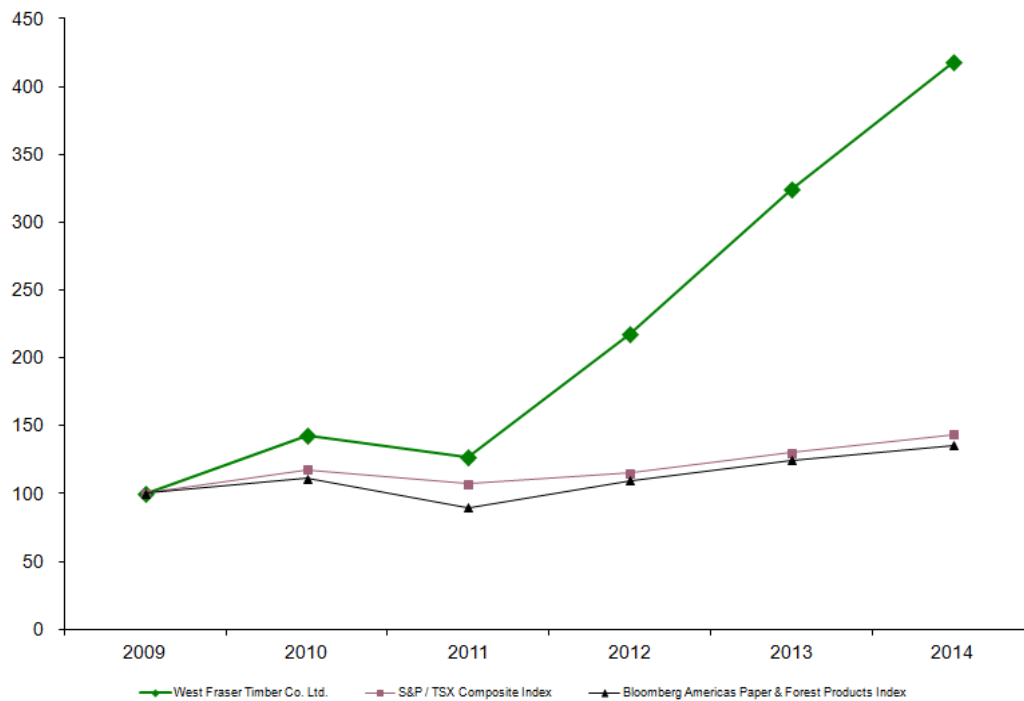
The Committee is responsible for recommending to the Board the level and nature of compensation for executive officers and Directors and may grant Options to officers and employees under the Stock Option Plan and units under the Phantom Share Unit Plan. In making its determinations, the Committee has access to comparative data and, if considered appropriate, receives advice from selected independent consultants. The Committee is also responsible for reviewing and recommending to the Board the approval of our compensation and benefits philosophy and policies and any incentive-compensation plans and equity-based plans. In reviewing such policies, the Committee may consider the recruitment, development, promotion, retention and compensation of senior management and other employees and any other factors that it deems appropriate. The Committee also assesses on an ongoing basis whether such

compensation and benefits policies are consistent with the sustainable achievement of our business objectives, the prudent management of our operations and risks, and the promotion of adherence to our Code of Conduct, its policies concerning safety and environmental stewardship and other material policies, procedures and controls. The Committee also ensures that such compensation and benefit policies do not encourage unwarranted risk taking and, when it reviews and recommends compensation for the CEO and senior management, assesses the appropriateness of compensation relative to business risks undertaken by considering, among other things, adherence to our Code of Conduct and its other material policies, procedures and controls, as well as any other factors it considers appropriate.

Submitted by the Compensation Committee:  
H.H. Ludwig (Chair)  
R.L. Phillips  
J.G. Rennie

### Performance Graph

The following graph compares the total cumulative return to a Shareholder who invested \$100 in our Common shares on December 31, 2009 with the cumulative total return of the S&P/TSX Composite Index and the Bloomberg Americas Paper & Forest Products Index for the same period.



We consider the Bloomberg Americas Forest Products & Paper Index to be an appropriate comparative measure. This is a capitalization-weighted index of the leading forest products companies in the North, South, and Central American region with currently 16 constituent issuers, one of which is the Company.

	2009	2010	2011	2012	2013	2014
West Fraser Timber Co. Ltd.	100	142	127	218	324	418
S&P/TSX Composite Index	100	118	107	115	130	144
Bloomberg Americas Paper & Forest Products Index	100	111	90	110	125	135

Notes:

1. All returns are expressed on a total return basis (all cash and stock dividends reinvested in the index or security).
2. All information per Bloomberg.

## Executive Compensation

Total compensation for Named Executive Officers, as described in the Summary Compensation Table set out below, reflects a gradual recovery from the significant downturn in the forest products industry which began in 2006. Annual incentive bonuses for Named Executive Officers were not earned or paid for 2007, 2008, 2009 and 2011. In 2010, 2012, 2013 and 2014 the Company achieved a ROSE in excess of the minimum threshold and annual incentive bonuses were earned, with payment occurring in the following year.

The compensation of each of our Named Executive Officers for our three most recently-completed financial years is set out below:

**Summary Compensation Table**

Name and principal position	Year	Salary (\$)	Share-based awards <sup>1</sup> (\$)	Option-based awards <sup>2</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>4</sup> (\$)	All other compensation <sup>5</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>3</sup>	Long-term incentive plans			
<b>Hank Ketcham</b> Executive Chairman	2014	450,000	169,050	168,450	450,000	—	—	—	1,237,500
	2013	497,000	201,250	203,750	527,450	—	37,500	—	1,466,950
	2012	721,100	875,500	874,150	496,200	—	217,900	—	3,184,850
<b>Ted Seraphim</b> President and Chief Executive Officer	2014	627,750	611,900	612,100	843,750	—	1,123,600	—	3,819,100
	2013	586,350	524,350	525,150	720,850	—	642,000	—	2,998,700
	2012	436,250	313,550	310,150	271,250	—	429,000	—	1,760,200
<b>Ray Ferris</b> Vice-President, Wood Products	2014	403,000	240,050	239,900	412,000	—	213,800	—	1,508,750
	2013	390,250	231,265	233,470	400,000	—	114,400	—	1,369,385
	2012	374,250	223,950	224,950	209,950	—	115,600	—	1,148,700
<b>Larry Hughes</b> Vice-President, Finance and Chief Financial Officer and Secretary	2014	374,800	223,650	222,750	383,200	—	191,100	—	1,395,500
	2013	364,500	217,140	217,650	372,000	—	107,800	—	1,279,090
	2012	353,000	207,650	211,300	196,950	—	54,900	—	1,023,800

Name and principal position	Year	Salary (\$)	Share-based awards <sup>1</sup> (\$)	Option-based awards <sup>2</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>4</sup> (\$)	All other compensation <sup>5</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>3</sup>	Long-term incentive plans			
Chris McIver Vice-President, Lumber Sales and Corporate Development	2014	314,355	187,350	187,000	321,420	—	210,800	—	1,220,925
	2013	307,500	182,500	182,220	312,000	—	70,100	—	1,054,320
	2012	301,500	179,150	180,600	166,000	—	50,400	—	877,650

1. For a description of the units see “Phantom Share Unit Plan” on page 30. Units are valued at the date of grant using the Towers Watson Binomial method which was the method used by the Compensation Committee when granting the units. This method was applied consistently in its competitive market analysis.
2. Options have a term of ten years and vest as to 20% on each of the first through fifth anniversary dates of the grant date. Each Option was valued using the Towers Watson Binomial method for the same reason as described in footnote 1. Whether the executive will receive value under these Options will depend on the future market price of Common shares. A description of the current value of all Options held by each Named Executive Officer is set out in the charts at pages 39 – 40.
3. Annual incentive (bonus) plan payments are included in the year earned and are paid in the following year.
4. Pension value represents the change in the pension liability related to the annual service cost, actual and assumed future compensation changes and the impact of plan changes, if any.
5. Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of total compensation for any of our Named Executive Officers.

## Option Grants

### All references to the number of West Fraser shares, options and terms thereof reflect the payment and adjustments resulting from the Stock Dividend.

Under the Stock Option Plan, the exercise price of an Option per Common share will not be less than the closing price of the Common shares on the TSX on the last trading day before the Option is granted. The length of the term of Options will be fixed by the Board or the Compensation Committee at not more than ten years and, unless otherwise determined by the Board or the Compensation Committee, Options vest at the rate of 20% per year over the first five years of the term.

Under the Stock Option Plan, Options may not be exercised after a holder ceases to be an eligible participant except: that (a) an Option held on the death of an Option holder may be exercised by the personal representative of the holder during the period ending on the earlier of its expiry date and two years after the date of death, (b) an Option held on the retirement or total disability of an Option holder may be exercised during the period ending on the earlier of its expiry date and five years after the date of retirement or disability, and (c) a vested Option held in any other case, may be exercised no later than the earlier of its expiry date and 30 days after the date the holder ceases to be an eligible participant. Options are not assignable, other than those that may be exercised by the personal representative of a deceased holder.

The number of Common shares subject to an Option, the exercise price per Common share and the total number of Common shares that may be made subject to Options under the Stock Option Plan will be adjusted proportionately in the event of any subdivision or consolidation of Common shares or any dividend payable in Common shares and will be adjusted as determined by the Board in the event of certain other reorganizations or other events affecting the Common shares.

The Stock Option Plan permits outstanding vested Options to be surrendered by the holder to the Company in return for a cash payment under the Cash Value Alternative. The cash payment for a surrendered Option is equal to the amount by which the weighted average price per share at which the Common shares were traded on the TSX on the last trading day exceeds the exercise price per Common share applicable to the Option multiplied by the number of Common shares underlying the Option and the amount determined by the Compensation Committee as representative of the estimated costs avoided by the Option holder (such as trading commissions) by virtue of electing the Cash Value Alternative. Since implementation in 2003 of the Cash Value Alternative and up to March 2, 2015, Options representing a total of 7,099,697 Common shares have been surrendered pursuant to it while only 131,006 Common shares have been issued on the exercise of outstanding Options. Our management believes that the Stock Option Plan, with the Cash Value Alternative, operates in a manner similar to the types of long-term incentive plans currently recommended by major institutional shareholder groups for public companies in North America.

The Stock Option Plan restricts the Option holdings of insiders. It provides that: (a) annual grants of Options to insiders may not be for a number of Common shares that exceeds 1% of the total number of our outstanding voting securities (the "Issued Shares"); (b) no single insider may hold, at any time, Options to acquire a number of Common shares that, together with all other Common shares issuable to the insider under any other equity compensation arrangements then in place ("Other Arrangements"), would exceed 5% of the Issued Shares; (c) the total number of Options held, at any time, by insiders cannot allow them to acquire a number of Common shares that, together with all other Common shares issuable to insiders under any Other Arrangements, would exceed 10% of the Issued Shares; and (d) the number of Common shares that may be acquired by all insiders during any 12 month period by exercising Options, together with all other Common shares issuable to insiders under any Other Arrangements, may not exceed 10% of the Issued Shares.

The Board has the power to amend, suspend, terminate or discontinue the Stock Option Plan provided that doing so will not adversely alter or impair any Option without the written consent of the holder. This power includes the right to make appropriate adjustments to outstanding Options in the event of certain corporate transactions, to add provisions requiring forfeiture of Options in certain circumstances, to specify practices with respect to applicable tax withholdings, and to enhance clarity or correct ambiguous provisions in the Stock Option Plan. Notwithstanding this power, the Stock Option Plan provides that the Board may not, without Shareholder approval, amend the Stock Option Plan or an Option to: increase the number of Common shares that may be issued; reduce the subscription price of an outstanding Option; extend the term of any Option beyond its expiry date or allow for an expiry date to be greater than ten years; allow non-permitted assignments or exercises of Options; expand the persons entitled to participate in the Stock Option Plan; or provide for other types of equity-based compensation.

A total of 161,845 Options were granted pursuant to the Stock Option Plan during the year ended December 31, 2014. An additional 139,420 Options were granted pursuant to the Stock Option Plan in February of 2015.

The Options granted to each of the Named Executive Officers during the financial year ended December 31, 2014 pursuant to the Stock Option Plan were as follows:

**Option Grants During 2014**

<b>Name</b>	<b>Securities Under Options Granted (#)</b>	<b>% of Total Options Granted to Employees in Financial Year</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
Hank Ketcham	10,105	6	53.96	53.96	February 17, 2024
Ted Seraphim	36,580	23	53.96	53.96	February 17, 2024
Ray Ferris	14,350	9	53.96	53.96	February 17, 2024
Larry Hughes	13,370	8	53.96	53.96	February 17, 2024
Chris McIver	11,200	7	53.96	53.96	February 17, 2024

The outstanding Options held by each Named Executive Officer that vested during the financial year ended December 31, 2014 were as follows:

**Options Vested During 2014**

<b>Name</b>	<b>Number of Options</b>	<b>Value (\$)¹</b>
Hank Ketcham	99,540	5,534,036
Ted Seraphim	28,380	1,368,620
Ray Ferris	21,490	1,099,391
Larry Hughes	24,720	1,312,099
Chris McIver	18,800	974,625

1. Based on the Closing Price as at the date of vesting.

During 2014 the Named Executive Officers surrendered outstanding Options for cash as follows:

**Options Surrendered for Cash During 2014**

<b>Name</b>	<b>Number of Options</b>	<b>Value (\$)</b>
Hank Ketcham	103,320	3,888,238
Ted Seraphim	77,620	3,903,821
Ray Ferris	18,028	712,846
Larry Hughes	42,400	2,064,530
Chris McIver	8,000	430,688



The following tables provide particulars of Options held by each of the Named Executive Officers as of March 2, 2015 with current value based on the Closing Price of \$68.66:

Hank Ketcham

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
February 17, 2006	90,000	—	20.60	4,325,850	—	February 17, 2016
February 15, 2007	246,000	—	22.60	11,330,760	—	February 15, 2017
February 22, 2008	257,180	—	16.65	13,375,932	—	February 22, 2018
February 20, 2009	287,000	—	12.36	16,159,535	—	February 20, 2019
February 21, 2011	73,600	18,400	25.75	3,158,176	789,544	February 21, 2021
February 20, 2012	61,560	41,040	23.68	2,769,277	1,846,184	February 20, 2022
February 15, 2013	6,440	9,660	40.82	179,290	268,934	February 15, 2023
February 17, 2014	2,021	8,084	53.96	29,709	118,835	February 17, 2024
February 23, 2015	—	8,450	73.99	—	—	February 23, 2025
<b>Totals</b>	<b>1,023,801</b>	<b>85,634</b>		<b>51,328,529</b>	<b>3,023,497</b>	

Ted Seraphim

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
February 21, 2011	17,600	4,400	25.75	755,216	188,804	February 21, 2021
February 20, 2012	21,840	14,560	23.68	982,472	654,982	February 20, 2022
February 15, 2013	16,600	24,900	40.82	462,144	693,216	February 15, 2023
February 17, 2014	7,316	29,264	53.96	107,545	430,181	February 17, 2024
February 23, 2015	—	33,780	73.99	—	—	February 23, 2025
<b>Totals</b>	<b>63,356</b>	<b>106,904</b>		<b>2,307,377</b>	<b>1,967,183</b>	

Ray Ferris

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
February 20, 2009	7,500	—	12.36	422,288	—	February 20, 2019
February 21, 2011	6,480	4,120	25.75	278,057	176,789	February 21, 2021
February 20, 2012	10,840	10,560	23.68	487,637	475,042	February 20, 2022
February 15, 2013	7,380	11,070	40.82	205,459	308,189	February 15, 2023
February 17, 2014	2,870	11,480	53.96	42,189	168,756	February 17, 2024
February 23, 2015	—	12,385	73.99	—	—	February 23, 2025
<b>Totals</b>	<b>35,070</b>	<b>49,615</b>		<b>1,435,630</b>	<b>1,128,776</b>	

Larry Hughes

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
September 4, 2007	40,000	—	19.50	1,966,400	—	September 4, 2017
February 22, 2008	30,000	—	16.65	1,560,300	—	February 22, 2018
February 20, 2009	40,000	—	12.36	2,252,200	—	February 20, 2019
February 21, 2011	15,680	3,920	25.75	672,829	168,207	February 21, 2021
February 20, 2012	14,880	9,920	23.68	669,377	446,251	February 20, 2022
February 15, 2013	6,880	10,320	40.82	191,539	287,309	February 15, 2023
February 17, 2014	2,674	10,696	53.96	39,308	157,231	February 17, 2024
February 23, 2015	—	11,515	73.99	—	—	February 23, 2025
<b>Totals</b>	<b>150,114</b>	<b>46,371</b>		<b>7,351,953</b>	<b>1,058,998</b>	

Chris McIver

<b>Option Grant Date</b>	<b>Exercisable</b>	<b>Non-Exercisable</b>	<b>Exercise Price (\$)</b>	<b>Current Value of Exercisable Options (\$)</b>	<b>Current Value of Non-Exercisable Options (\$)</b>	<b>Expiry Date</b>
February 20, 2009	8,000	—	12.36	450,440	—	February 20, 2019
February 21, 2011	14,720	3,680	25.75	631,635	157,909	February 21, 2021
February 20, 2012	12,720	8,480	23.68	572,209	381,473	February 20, 2022
February 15, 2013	5,760	8,640	40.82	160,358	240,538	February 15, 2023
February 17, 2014	2,240	8,960	53.96	32,928	131,712	February 17, 2024
February 23, 2015	—	9,655	73.99	—	—	February 23, 2025
<b>Totals</b>	<b>43,440</b>	<b>39,415</b>		<b>1,847,570</b>	<b>911,632</b>	

**RS Units and PS Units**

In 2010 the Board of Directors approved the grant of RS Units and PS Units (collectively, “Units”) to Named Executive Officers and other employees pursuant to the Phantom Share Unit Plan. The plan and Units are described in the Report on Executive Compensation under the heading “Phantom Share Unit Plan” on page 30.

The Units granted to each of the Named Executive Officers during the year ended December 31, 2014 were as follows:

### Equity-Based Grants During 2014

Name	Number of Units Granted		% of Total Units Granted to Employees in the Current Year		Aggregate Market Value of Units on Date of Grant (\$)		Aggregate Market Value of Units at March 2, 2015 (\$)	
	RSUs <sup>1</sup>	PSUs <sup>2</sup>	RSUs	PSUs	RSUs <sup>3</sup>	PSUs <sup>3</sup>	RSUs <sup>4</sup>	PSUs <sup>4</sup>
Hank Ketcham	1,815	1,815	5	8	97,937	97,937	124,618	124,618
Ted Seraphim	6,595	6,595	17	30	355,866	355,866	452,813	452,813
Ray Ferris	2,585	2,585	7	12	139,487	139,487	177,486	177,486
Larry Hughes	2,400	2,400	6	11	129,504	129,504	164,784	164,784
Chris McIver	2,015	2,015	5	9	108,729	108,729	138,350	138,350

1. RS Units.
2. PS Units.
3. Based on a value of \$53.96 per Unit.
4. Based on the Closing Price of \$68.66.

### Units Held by Year of Vesting<sup>1</sup>

Name	Vesting 2016		Vesting 2017		Vesting 2018		Value as at March 2, 2015 <sup>2</sup> (\$)	
	RSUs	PSUs	RSUs	PSUs	RSUs	PSUs	RSUs	PSUs <sup>1</sup>
Hank Ketcham	2,800	2,900	1,815	1,815	1,325	1,325	407,840	414,706
Ted Seraphim	7,400	7,450	6,595	6,595	5,305	5,305	1,325,138	1,328,571
Ray Ferris	3,250	3,300	2,585	2,585	1,940	1,940	533,832	537,265
Larry Hughes	3,050	3,100	2,400	2,400	1,805	1,805	498,128	501,561
Chris McIver	2,570	2,600	2,015	2,015	1,515	1,515	418,826	420,886

1. Does not include adjustments on account of cash dividends declared on Common Shares.
2. Based on the Closing Price of \$68.66.

### Pension Plans

The majority of our full-time salaried employees are covered by non-contributory pension plans which provide a pension equal to 2% of the highest average compensation (which includes base salary and bonuses) of the employee for any consecutive 60-month period in that employee's final 10 years with us multiplied by the number of years of credited service with us. Normal retirement is at age 65. Each of these pension plans allows for early retirement at age 55 with a minimum service requirement of two years. Benefits provided for early retirement are reduced by 4% per year for retirement between the ages of 55 and 57 and by 3% per year for retirement between the ages of 58 and 59. No reduction is made for retirement between the ages of 60 and 64.

The estimated annual pension payable upon retirement, assuming no reduction for early retirement and based on the standard form life annuity for a minimum of 60 months with no joint survivor pension, is as follows:

### Estimated Annual Benefits Payable Upon Retirement

Annual Compensation	Years of Service			
	15 Years	20 Years	25 Years	30 Years
\$400,000	\$120,000	\$160,000	\$200,000	\$240,000
\$500,000	\$150,000	\$200,000	\$250,000	\$300,000
\$600,000	\$180,000	\$240,000	\$300,000	\$360,000
\$700,000	\$210,000	\$280,000	\$350,000	\$420,000
\$800,000	\$240,000	\$320,000	\$400,000	\$480,000
\$900,000	\$270,000	\$360,000	\$450,000	\$540,000
\$1,000,000	\$300,000	\$400,000	\$500,000	\$600,000
\$1,100,000	\$330,000	\$440,000	\$550,000	\$660,000
\$1,200,000	\$360,000	\$480,000	\$600,000	\$720,000
\$1,300,000	\$390,000	\$520,000	\$650,000	\$780,000
\$1,400,000	\$420,000	\$560,000	\$700,000	\$840,000
\$1,500,000	\$450,000	\$600,000	\$750,000	\$900,000

Compensation for the purposes of the pension plans is defined as the average annual compensation, including salary and bonus, of the highest consecutive 60-month period in the last 10 years' service with the Company.

The benefits listed in the table are not subject to any deduction for Canada Pension Plan or other offset amounts.

The table below sets forth the accumulated pension benefits for each of the Named Executive Officers (other than for Hank Ketcham who retired as an employee of the Company on February 28, 2013) as at December 31, 2014:

Name	Number of years credited service (#)	Annual benefits payable <sup>1</sup> (\$)		Opening present value of defined benefit obligation <sup>2</sup> (\$)	Compensatory change (\$) <sup>3</sup>	Non-compensatory change <sup>4</sup> (\$)	Closing present value of defined benefit obligation <sup>2</sup> (\$)
		At year end	At age 65				
Ted Seraphim	17.3	244,900	385,500	3,095,300	1,123,600	761,200	4,980,100
Ray Ferris	13.3	125,600	243,300	1,499,900	213,800	396,500	2,110,200
Larry Hughes	7.3	71,900	86,600	706,100	191,100	172,400	1,069,600
Chris McIver	23.7	199,500	311,200	2,158,100	210,800	568,400	2,937,300

1. Represents the estimated annual pension, excluding any employee-paid ancillary benefits, where applicable, that would be received by the Named Executive Officer upon retirement at age 65 based on actual pensionable earnings at December 31, 2014. The annual pension payable at year end is based on actual credited service at December 31, 2014. The annual pension at age 65 is based on credited service projected to age 65.
2. The present value is the estimated value of the pension obligation to the date indicated using the actuarial assumptions and methods that are consistent with those used in determining pension liabilities as disclosed in the consolidated financial statements.
3. Compensatory change represents the change in the pension liability related to the annual service cost, actual and assumed future compensation changes and the impact of plan changes, if any.
4. Non-compensatory change includes items such as interest on the obligation and the impact of changes in the discount rate assumption.

The estimated years of credited service under the pension plans at the normal retirement age of 65 for each Named Executive Officer, would be as follows:

Ted Seraphim	27 years
Ray Ferris	26 years
Larry Hughes	9 years
Chris McIver	37 years

### Directors' Compensation and Holdings

For a description of retainers and fees payable to Directors, actual compensation paid during 2014 and securities held by Directors, see "Information regarding Nominees for Election as Directors - Director Compensation" beginning on page 14.

### Indebtedness of Directors, Officers and Employees

The following table sets out the aggregate indebtedness outstanding to us from our employees and former employees as at March 2, 2015. There was no outstanding indebtedness to us from any of our Directors or officers, or former Directors or officers or any of our subsidiaries as at March 2, 2015.

AGGREGATE INDEBTEDNESS		
Purpose	To the Company or its Subsidiaries	To Another Entity
Share purchases	Nil	Nil
Other	\$1,795,035	Nil

### Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information with respect to securities authorized for issuance by us under equity compensation plans that permit issuance from treasury as at December 31, 2014.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by Shareholders	2,240,798	23.66	412,251
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	2,240,798	23.66	412,251

### Indebtedness of Directors or Officers Under Securities Purchase Programs

There were no loans outstanding from us to any of our Directors or officers as at March 2, 2015.

### ADDITIONAL INFORMATION

Additional information (including financial information) relating to us can be found in our Annual Report for the year ended December 31, 2014, which includes our Annual Information Form and our audited financial statements for the years ended December 31, 2014 and 2013 and the accompanying audit report

and management's discussion and analysis. The Annual Report is on our website ([www.westfraser.com](http://www.westfraser.com)) and can also be found on SEDAR ([www.sedar.com](http://www.sedar.com)). Copies of the Annual Report and the relevant portion of any documents incorporated by reference in the Annual Report, as well as additional copies of this Circular, may be obtained upon request to our Secretary, Suite 501 – 858 Beatty Street, Vancouver, B.C., V6B 1C1 or by emailing to [shareholder@westfraser.com](mailto:shareholder@westfraser.com).

DATED at Vancouver, B.C., March 23, 2015.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read "Ted Seraphim", written over a horizontal line.

Ted Seraphim  
President and Chief Executive Officer