

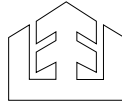
**WEST FRASER TIMBER CO. LTD.**

**ANNUAL INFORMATION FORM**

**DATED MARCH 29, 2011**



## Corporate Structure



WEST FRASER TIMBER CO. LTD.

WEST FRASER MILLS LTD.

LUMBER		PANELS	PULP & PAPER
<b>Canada</b>	<b>U.S.<sup>3</sup></b>	<b>Plywood</b>	<b>Pulp</b>
Quesnel	Joyce	Edmonton	Hinton
Williams Lake	Huttig	Quesnel	Quesnel
Smithers	Henderson	Williams Lake	Quesnel (50%) <sup>4</sup>
Chetwynd	New Boston		Slave Lake
Fraser Lake	Leola	<b>MDF</b>	
Terrace	Citronelle	Blue Ridge	<b>Newsprint</b>
Chasm	Maplesville	Quesnel	Whitecourt (50%) <sup>5</sup>
Houston	Opelika		
100 Mile House	McDavid	<b>Veneer &amp; LVL</b>	
Blue Ridge <sup>1</sup>	Seaboard	Rocky Mountain House <sup>2</sup>	
Slave Lake	Armour	Slave Lake	
Hinton	Newberry		
Sundre <sup>2</sup>	Augusta		
	Folkston		
	Whitehouse		

1. Owned through Blue Ridge Lumber Inc., a wholly-owned subsidiary.
2. Owned through Sundre Forest Products Inc., a wholly-owned subsidiary.
3. Owned through West Fraser, Inc., a wholly-owned subsidiary.
4. Joint venture interest in Cariboo Pulp & Paper Company.
5. Joint venture interest in Alberta Newsprint Company owned through West Fraser Newsprint Ltd., a wholly-owned subsidiary.



## Annual Information Form

### Date

This Annual Information Form of West Fraser Timber Co. Ltd. (“West Fraser” or the “Company”) is dated as of March 29, 2011. Except as otherwise indicated, the information contained in it is as of December 31, 2010.

### Business Overview

West Fraser is a North American integrated wood products company which produces lumber (spruce/pine/fir (“SPF”) and southern yellow pine (“SYP”)), panels (plywood, MDF and LVL), pulp (NBSK and BCTMP), newsprint and wood chips. The operations located in western Canada manufacture all of the products described above except SYP lumber. The sawmills located in the southern U.S. produce SYP lumber and wood chips.

The annual production capacities of West Fraser’s wholly-owned facilities and its share of the capacities of its joint venture facilities are as follows:

Lumber (MMfbm)	
SPF	3,500
SYP	2,000
Total	5,500
Panels	
Plywood (MMsf <sup>3</sup> / <sub>8</sub> ”)	830
MDF (MMsf <sup>3</sup> / <sub>4</sub> ”)	300
LVL (Mcf)	3,200
Pulp (Mtonnes)	
BCTMP	620
NBSK	530
Newsprint (Mtonnes)	135

### Corporate Strategy

West Fraser’s goal is to generate strong financial results through the business cycle, relying on its committed work force, the quality of its assets, and its well-established corporate culture. This culture places emphasis on cost control in all aspects of the business and on competitiveness, both internally and externally. In its approach to employee relations, West Fraser emphasizes employee involvement and favours internal promotions whenever possible.

#### Forward-looking Statements

This Annual Information Form, and the Annual Report of which it forms a part, contain historical information, descriptions of current circumstances and statements about potential future developments. The latter, which are forward-looking statements, are presented to provide reasonable guidance to the reader, but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Forward-looking statements are included under the headings “Fibre Supply – First Nations Claims”, “Capital Expenditures and Acquisitions” and “Capital Structure – Dividends” and in parts of the Management’s Discussion & Analysis incorporated herein. Actual outcomes and results will depend on a number of factors that could affect the ability of the Company to execute its business plans, including the matters described in these sections and under “Risk Factors”, and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements which reflect management’s estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these statements to reflect subsequent events or changes in circumstances except as required by applicable securities laws.

**Annual Information Form** (continued)

West Fraser is an integrated and diversified producer of wood products with access to extensive timber resources. Acquisitions and expansions are considered with a view to extending its existing business lines, particularly in lumber operations, and to product and geographic diversification. West Fraser's relatively stable earnings over the business cycle have enabled it to make significant and ongoing capital investments in its facilities to maintain and improve its overall low-cost position.

West Fraser is committed to operating in a financially conservative and prudent manner. The North American wood products industry is cyclical, and over the last several years has faced very difficult market conditions and serious challenges. During such cyclical downturns, West Fraser focuses on financial discipline, including reduction or deferral of non-essential capital expenditures. Management believes that maintaining a strong balance sheet provides the ability to react to growth opportunities.

**Corporate Structure**

The chart on page 8 shows the relationship of West Fraser to its principal direct and indirect subsidiaries and the joint ventures in which it participates and, where less than 100%, the percentage of its direct or indirect ownership.

West Fraser assumed its present form in 1966 by the amalgamation of a group of companies under the laws of B.C. Its principal operating subsidiary, West Fraser Mills Ltd., assumed its present form on January 1, 2005 by amalgamation under those laws. West Fraser, Inc. is a Delaware corporation, while Blue Ridge Lumber Inc. and Sundre Forest Products Inc. are Alberta corporations. West Fraser Newsprint Ltd. subsists under the laws of Canada. Alberta Newsprint Company ("ANC") and Cariboo Pulp & Paper Company are unincorporated joint ventures governed, respectively, by the laws of Alberta and B.C.

West Fraser's executive office is located at 858 Beatty Street, Suite 501, Vancouver, B.C., Canada, V6B 1C1 and its registered office is located at 1500 – 1055 West Georgia Street, Vancouver, B.C., Canada, V6E 4N7.

**History**

West Fraser originated in 1955 when three brothers, Pete, Bill and Sam Ketcham, acquired a lumber planing mill located in Quesnel, B.C. ("Quesnel"). From 1955 through 2005 the business expanded in western Canada through the acquisition of a number of sawmills and related timber harvesting rights and the acquisition or development of solid wood, panel and pulp & paper businesses.

Major developments for West Fraser during the last five years include the following:

- 2006 Softwood Lumber Agreement comes into force triggering duty refunds and export taxes.
- 2007 Acquisition of 13 sawmills in the southern U.S. (the "U.S. Acquisition") for \$391 million.
- 2010 Closure of linerboard and kraft paper mill at Kitimat, B.C. in January 2010.

**Sales Revenue<sup>1</sup>** (\$ millions)**Table 1**

Year ended December 31	2010	2009	2008	2007	2006
Lumber	1,622	1,285	1,645	1,802	1,756
Panels	401	390	428	475	475
Pulp & Paper	863	677	789	745	794
<b>Total</b>	<b>2,886</b>	<b>2,352</b>	<b>2,862</b>	<b>3,022</b>	<b>3,025</b>

1. From continuing operations

**Fibre Supply**

West Fraser's operations are dependent on the consistent supply of substantial quantities of wood fibre in various forms. Its primary manufacturing facilities, which produce lumber, plywood and LVL, consume whole logs while its pulp & paper and MDF facilities mostly consume wood by-products in the form of wood chips, shavings and sawdust resulting from the production of lumber, plywood or LVL. Many facilities also consume hog fuel and wood waste in energy systems.

### Log Supply

West Fraser's U.S. operations, which produce SYP lumber, consume approximately 9 million tons (7 million m<sup>3</sup>) of logs per year operating at capacity. These operations obtain approximately 25% of their log requirements under certain long-term supply contracts, with the balance being purchased on the open market.

In B.C. and Alberta substantially all timberlands are publicly owned and the right to harvest timber is acquired through provincially-granted licences. Licences grant the holder the right to harvest up to a specified quantity of timber annually and either have a term of 15 to 25 years and are replaceable or renewable or have a shorter term but are not replaceable or renewable.

Table 2 summarizes the timber tenures, as at December 31, 2010, which supply the Canadian mills that West Fraser owns or in which it has an interest, as well as their AACs.

Location	Tenure <sup>1</sup>	Expiry	AAC
B.C.	Coniferous Long-term	2021-2025	6,021
	Coniferous Short-term	2011-2017	967
Alberta	Coniferous Long-term	2012-2029	5,314
	Deciduous Long-term	2012-2029	1,126

1. Long-term tenures include TFLs, FMAs, timber quotas and forest licences, which are renewable timber tenures. Short-term tenures include non-replaceable forest licences.

Annual log requirements for West Fraser's Canadian sawmills, plywood facilities and LVL plant, all operating at capacities described in this Annual Information Form, total approximately 13 million m<sup>3</sup>. Approximately 80% of these requirements can be obtained from the tenures described in Table 2 and the balance is acquired from third parties holding short or long-term timber harvesting rights, including independent logging contractors, First Nations, communities and woodlot owners.

Timber tenures in B.C. and Alberta require the payment of a fee, commonly known as stumpage, for timber harvested under it. Currently, stumpage in Alberta is product-price specific and varies with the sales price of the product into which the logs will be converted. Stumpage in B.C. is substantially based on the results of certain publicly-auctioned timber harvesting rights

Timber tenures in B.C. and Alberta require the holder to carry out reforestation to ensure re-establishment of the forest after harvesting. Reforestation requirements depend on climate, terrain, species and other factors affecting regeneration. Reforestation projects are planned and supervised by West Fraser's woodlands staff and are subject to approval by relevant government authorities. West Fraser's timber harvesting operations are carried out by independent contractors under the supervision of the Company's woodlands staff.

### Mountain Pine Beetle

The current mountain pine beetle infestation in the B.C. interior reached a peak in terms of the annual timber mortality rate in 2004. To date, an estimated 620 million m<sup>3</sup> of pine, representing approximately 46% of the total merchantable pine on the timber harvesting land base, has been attacked and killed and it is projected that a total of 940 million m<sup>3</sup>, or approximately 70% of the merchantable pine on the timber harvesting land base, will be killed by the time the infestation ultimately runs its course. The forests within West Fraser's B.C. operating areas are comprised of a mix of tree species, including pine. Much of the mature pine inventory has now been killed.

The Company continues to focus on the salvage and processing of dead pine in order to utilize as much of the resource as possible and to ensure that affected sites are promptly reforested. Once the dead pine stands are salvaged or are no longer economic to manufacture into lumber, it is anticipated that the Annual Allowable Cut ("AAC") will be adjusted downward to reflect lower mature inventories in the B.C. interior. The timing and extent of the effect on West Fraser's AAC will depend on a variety of factors and at this time cannot reasonably be determined.

The Province of B.C. started the process of adjusting the AACs in the central interior in 2010 and will continue this process throughout the interior over the next several years. In January 2011 B.C.'s Chief Forester announced reductions in the AACs for both the Prince George and Quesnel Timber Supply Areas which are located in the interior of B.C. The adjusted AACs, which are applicable for the next five years, represent reductions of 16% and 25% respectively, but in both cases the new AACs exceed current harvest levels in the Timber Supply Area.

**Annual Information Form** (continued)

In 2009, northern Alberta experienced a marked expansion of mountain pine beetle populations. However, cold weather events across the province in the winter of 2009/2010 resulted in significant beetle mortality. West Fraser continues to work with other forest companies and the Province of Alberta to control the spread of the infestation and to salvage infested pine stands.

*Certification*

West Fraser's Canadian woodlands operations, in addition to being subject to various environmental protection laws, are third-party certified to internationally-recognized, sustainable forest management standards. For more information concerning West Fraser's sustainable and environmentally sound forest practices see West Fraser's *Sustainability Report* at [www.westfraser.com](http://www.westfraser.com) and the Environmental Report included in West Fraser's Annual Report.

*First Nations Claims*

The potential existence of aboriginal title and rights over substantial portions of B.C., including areas where West Fraser's timber tenures are located, has created uncertainty with respect to property rights and natural resource development in the province. The Supreme Court of Canada (the "SCC") determined in 1997 that First Nations may possess rights in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with those rights. Very few areas of B.C. are the subject of such treaties.

In 2004, the SCC confirmed that the Crown must consult with First Nations before authorizing activity that might infringe on their interests in certain circumstances and, when appropriate to do so, seek to accommodate those interests by minimizing interference with them. Authorizations requiring consultation may include approval of cutting permits and required ministerial action relating to the transfer or renewal of Crown timber tenures. The process of consultation and, when appropriate, accommodation is currently not clearly defined, creating some uncertainty with respect to Crown timber harvesting rights held by wood products companies, including West Fraser.

The Company relies on provincial governments to adequately discharge obligations to First Nations in order to preserve the validity of actions dealing with public rights, including the granting of Crown timber harvesting rights. This uncertainty may be alleviated by the negotiation of treaties with First Nations and further judgments of the courts. However, as the jurisprudence and government policies respecting aboriginal title and rights and the consultation process continue to evolve, West Fraser cannot at this time predict whether First Nations claims will have a material adverse affect on its timber harvesting rights or on its ability to exercise or renew them, or secure other timber harvesting rights.

*Residual Fibre Supply*

In Canada substantially all West Fraser's requirements for wood chips, shavings and sawdust are supplied from its own operations, either directly or indirectly through trades. This reduces its exposure to risks associated with price fluctuations and supply shortages. Its B.C. sawmills and plywood plants fulfill substantially all of the fibre requirements of its B.C. pulp operations and MDF plant. The Alberta MDF plant obtains its fibre from the adjacent Blue Ridge sawmill and other sawmills in the area. The Hinton Pulp mill obtains its fibre from the adjacent Hinton sawmill and other sawmills in the area, including those owned by West Fraser. At times the Company produces whole log chips to supplement the supply of residual chips from its various sawmills. Almost all of the fibre requirements of ANC are obtained from local sawmills, including the Slave Lake sawmill and veneer operation, through log-for-chip trades using logs harvested from ANC's tenures. The balance is obtained from direct fibre purchases. The Slave Lake deciduous FMA provides most of the fibre requirements of the Slave Lake Pulp mill, with the balance being obtained from logs purchased from local suppliers.

The majority of the wood chips produced by West Fraser's U.S. operations are sold to pulp mills at market prices pursuant to long-term contracts.

**Capital Expenditures and Acquisitions**

West Fraser regularly invests in upgrading and expanding its facilities and operations. However, during periods when earnings are weak, West Fraser will reduce capital spending and other expenditures in order to preserve liquidity. Table 3 shows the capital expenditures and acquisitions during the past five years.

**Capital Expenditures and Acquisitions** (\$ millions)**Table 3**

Year ended December 31	2010	2009	2008	2007	2006
Lumber	46	10	27	49	122
Panels	2	1	1	8	20
Pulp & Paper	7	7	17	45	67
Corporate & Other	1	1	2	2	2
	56	19	47	104	211
Acquisitions	—	—	—	391	—
<b>Total</b>	<b>56</b>	<b>19</b>	<b>47</b>	<b>495</b>	<b>211</b>

The Company completed the U.S. Acquisition in 2007.

**Human Resources**

At December 31, 2010, West Fraser employed approximately 6,700 individuals, including its share of those in joint venture operations. Of the employees, approximately 40% are covered by collective agreements. Collective agreements covering approximately 1,100 employees expired in 2009-2010 but as of December 31, 2010 continued to apply to those employees pending the settlement of new collective agreements. In 2011, collective agreements covering approximately 250 employees will expire (2012 to 2013 – approximately 1,370 employees).

**Markets**

West Fraser's products are sold in markets open to a number of companies with similar products. Purchasing decisions by customers are generally based on price, quality and service. Prices and sales volumes are influenced by general economic conditions. Table 4 shows selected average benchmark prices for the past five years for products of the type produced by West Fraser, although these prices do not necessarily reflect the prices it obtained.

**Average Benchmark Prices** (In US\$ except plywood)**Table 4**

	2010	2009	2008	2007	2006
2x4 random length SPF (per Mfbm) <sup>1</sup>	256	182	221	250	296
SYP #2 West 2x4 (per Mfbm) <sup>2</sup>	303	242	297	279	330
Plywood (per Msf <sup>3</sup> / <sub>8</sub> " basis) <sup>3</sup> Cdn\$	334	329	337	376	366
MDF (per Msf <sup>3</sup> / <sub>4</sub> " basis) <sup>4</sup>	536	489	530	461	445
Newsprint (per tonne) <sup>5</sup>	607	560	695	585	655
NBSK (per tonne) <sup>6</sup>	960	718	856	824	721
Linerboard (per tonne) <sup>7</sup>	689	603	641	586	554

## Sources:

1. Random Lengths – 2x4, #2 & Better – Net FOB mill.
2. Random Lengths – 2x4 – Net FOB mill Westside.
3. Crow's Market Report – Delivered Toronto.
4. Resource Information Systems, Inc. – MDF Western U.S. – Net FOB mill.
5. Resource Information Systems, Inc. – U.S. delivered 48.8 gram newsprint.
6. Resource Information Systems, Inc. – U.S. list price, delivered U.S.
7. Pulp & Paper Week – Unbleached linerboard kraft, East.

**Annual Information Form** (continued)**Research and Development**

West Fraser supports industry research and development organizations, and conducts research and development at several plants to improve processes, maximize resource utilization and develop new products and environmental applications.

**Lumber****Capacity and Production** (both MMfbm)**Table 5**

	2010	2009	2008	2007	2006
<b>Capacity – year-end</b>	<b>5,500</b>	5,500	6,000	6,000	4,400
<b>Production:</b>					
<b>B.C. Sawmills (SPF)</b>					
Quesnel	529	485	474	384	336
Williams Lake	262	225	255	233	241
Smithers	276	263	246	312	309
Chetwynd	272	240	262	248	245
Fraser Lake	376	364	369	337	334
Chasm	230	155	282	281	284
Houston	257	173	265	343	358
100 Mile House	195	129	233	288	285
Other <sup>1</sup>	—	—	163	233	560
	<b>2,397</b>	2,034	2,549	2,659	2,952
<b>Alberta Sawmills (SPF)</b>					
Blue Ridge	378	357	342	322	298
Slave Lake	12	20	28	24	23
Hinton	257	204	209	268	271
Sundre	274	268	261	257	253
	<b>921</b>	849	840	871	845
<b>U.S. Sawmills (SYP)</b>					
Joyce, LA	194	190	194	204	212
Huttig, AR	125	116	149	177	177
Henderson, TX <sup>2</sup>	116	115	120	91	—
New Boston, TX <sup>2</sup>	139	129	138	106	—
Leola, AR <sup>2</sup>	115	85	78	111	—
Citronelle, AL <sup>2, 3</sup>	—	—	56	52	—
Maplesville, AL <sup>2</sup>	71	63	84	74	—
Opelika, AL <sup>2</sup>	57	56	64	61	—
McDavid, FL <sup>2, 3</sup>	—	—	76	119	—
Seaboard, NC <sup>2</sup>	104	112	107	77	—
Armour, NC <sup>2</sup>	177	170	160	133	—
Newberry, SC <sup>2</sup>	105	95	110	103	—
Augusta, GA <sup>2</sup>	106	100	100	92	—
Folkston, GA <sup>2, 3</sup>	—	—	71	58	—
Whitehouse, FL <sup>2</sup>	56	38	63	58	—
	<b>1,365</b>	1,269	1,570	1,516	389
<b>Total Production</b>	<b>4,683</b>	4,152	4,959	5,046	4,186

1. Includes production from mills shut or sold.
2. Mills acquired on March 31, 2007.
3. Indefinitely curtailed.



Lumber capacity by region and species is approximately 64% SPF (47% B.C. and 17% Alberta) and 36% SYP (all U.S.).

#### Operations

West Fraser owns 28 sawmills of which 4 are currently indefinitely curtailed. The Company also has a wood-treating facility at the Sundre sawmill.

#### Sales

Lumber produced at West Fraser's Canadian sawmills and sold to North American customers is marketed and sold from the Company's sales office in Quesnel, while sales to offshore markets are made from its export sales office in Vancouver, B.C. Offshore sales activities are complemented by customer service offices in Japan and China. Lumber produced at West Fraser's U.S. sawmills is marketed by its sales group in Memphis, Tennessee. From time to time, the Company purchases lumber for resale in order to meet requirements of customers.

In 2010 sales of lumber from Canadian and U.S. operations were made to customers in the U.S. and Canada and to customers offshore, predominantly in China and Japan. Most lumber shipments to North American customers by the Canadian operations were made by rail and the rest by truck. Offshore shipments were through public terminals in Vancouver. Most lumber shipped by the U.S. operations was delivered by truck and the rest by rail.

### Panels

#### Capacity and Production

**Table 6**

	2010	2009	2008	2007	2006
<b>Plywood</b> (MMsf <sup>3/8</sup> " basis)					
<b>Capacity</b> – year-end	<b>830</b>	830	820	820	820
<b>Production:</b>					
Alberta Plywood	<b>301</b>	290	299	281	262
Williams Lake	<b>250</b>	237	267	252	239
Quesnel	<b>240</b>	218	248	235	227
<b>Total Production</b>	<b>791</b>	745	814	768	728
<b>MDF</b> (MMsf <sup>3/4</sup> " basis)					
<b>Capacity</b> – year-end	<b>300</b>	300	300	300	300
<b>Production:</b>					
Ranger Board	<b>120</b>	110	112	142	155
WestPine	<b>72</b>	85	112	134	133
<b>Total Production</b>	<b>192</b>	195	224	276	288
<b>LVL</b> (Mcf)					
<b>Capacity</b> – year-end	<b>3,200</b>	3,200	3,200	3,200	3,200
<b>Production</b>	<b>1,918</b>	1,643	1,264	2,291	3,000

#### Operations

West Fraser's panel operations include three plywood mills that primarily produce standard softwood sheathing plywood, two MDF mills, each with the flexibility to manufacture varying thicknesses and sizes, an LVL mill, and a veneer mill that produces veneer for use in the Edmonton plywood mill.

#### Sales

Plywood and LVL are marketed from the Company's sales office in Quesnel to retail outlets, wholesale distributors, remanufacturers and treating businesses. MDF is marketed under the names "Ranger"™, "WestPine"™, "Eco-Gold"™ and "Ecopremium"™ from West Fraser's Edmonton, Alberta sales office and through distributors under the direction of West Fraser's sales personnel.

In 2010, sales of plywood were made to customers in Canada and the U.S.; sales of MDF were to customers in the U.S., Canada and Asia and other areas; and sales of LVL were to customers in the U.S. and Canada. Shipments to North America were by rail or truck and offshore shipments were by bulk and container vessels.

**Annual Information Form** (continued)**Pulp & Paper****Pulp****Capacity and Production** (Mtonnes)**Table 7**

	2010	2009	2008	2007	2006
<b>BCTMP</b>					
<b>Capacity</b> – year-end	<b>620</b>	580	580	580	580
<b>Production:</b>					
QRP	<b>367</b>	298	354	360	343
Slave Lake Pulp	<b>249</b>	203	205	217	218
<b>Total Production</b>	<b>616</b>	501	559	577	561
<b>NBSK</b>					
<b>Capacity</b> – year-end	<b>530</b>	530	510	510	485
<b>Production:</b>					
Hinton <sup>1</sup>	<b>354</b>	361	325	302	381
Cariboo <sup>2</sup>	<b>171</b>	162	158	164	162
<b>Total Production</b>	<b>525</b>	523	483	466	543

1. Reflects closure of #1 line at Hinton Pulp in 2007.

2. Reflects West Fraser's 50% share of ownership.

*Operations*

West Fraser produces BCTMP, primarily from hardwood aspen, at the Slave Lake pulp mill and BCTMP, primarily from softwood, at the QRP mill. These pulps are used by paper manufacturers to produce printing and writing papers, paperboard products and a variety of other paper grades. NBSK is produced at the Hinton and Cariboo pulp mills and is used by paper manufacturers to produce a variety of paper products, including printing and writing papers and tissues.

*Sales*

Pulp is marketed out of West Fraser's pulp & paper sales office in Vancouver. In 2010, sales of both NBSK and BCTMP were to customers in North America, Asia, predominantly China, and to other offshore customers. Shipments within North America were primarily by rail and those to offshore customers were by rail to Vancouver and then by bulk and container vessels.

**Newsprint****Capacity and Production**<sup>1</sup> (Mtonnes)**Table 8**

	2010	2009	2008	2007	2006
<b>Capacity</b> – year-end	<b>135</b>	135	135	135	135
<b>Production</b>	<b>131</b>	111	125	125	125

1. Reflects West Fraser's 50% share of ownership.

*Operations*

The ANC mill at Whitecourt, Alberta produces standard newsprint in two basis weights: 45 and 48.8 grams per square metre.

*Sales*

Newsprint is sold to various publishers in North America through a partnership owned indirectly by the ANC owners. In 2010, sales were to customers in the U.S. and Canada. Shipments were by rail and truck.

## Linerboard and Kraft Paper

### Capacity and Production (Mtonnes)

Table 9

	2010	2009	2008	2007	2006
Capacity – year-end	—	470	470	470	470
<b>Production:</b>					
Linerboard	—	315	326	312	338
Kraft paper	—	107	115	115	121
<b>Total Production</b>	<b>—</b>	<b>422</b>	<b>441</b>	<b>427</b>	<b>459</b>

#### Operations

West Fraser permanently closed the linerboard and kraft paper mill at Kitimat, B.C. in January 2010. Financial results are included in discontinued operations.

### External Factors Affecting West Fraser's Business in 2010

#### Economic Conditions

West Fraser's earnings are sensitive to changes in world economic conditions, primarily those in North America, Europe and Asia and particularly to the U.S. housing market. Most of the Company's revenues are from sales of commodities for which prices are sensitive to variations in supply and demand. Since most of these sales are in foreign currencies, mainly U.S. dollars, currency exchange fluctuations against the Canadian dollar are a major source of earnings volatility for West Fraser.

#### Softwood Lumber Agreement

Effective October 12, 2006 a Softwood Lumber Agreement between Canada and the U.S. (the "SLA 2006") came into force, having a term of seven years which may be extended for another two years by agreement. After the initial 18 months of the term, either party has had the right to terminate the SLA 2006 by providing not less than six months notice to the other.

Under the SLA 2006 the Company must pay a tax to Canada on softwood lumber it exports into the U.S. The basic tax may range up to 15% for producers in B.C. and Alberta, and will vary depending on a reference lumber price. Subject to U.S. lumber consumption and the volume of lumber shipments to the U.S. from either province, an additional 50% surcharge on the applicable basic tax may be levied. In certain circumstances, exporters may be entitled to a refund of up to one-third of taxes paid.

#### Energy

The Company's pulp, paper and MDF operations consume substantial amounts of energy. The Hinton and Cariboo pulp mills have generation facilities which produce electricity to satisfy much of their energy requirements.

In B.C., electricity is purchased from the provincial utility at regulated prices based largely on generation costs. In Alberta, electricity is purchased at market prices through the Alberta power pool.

In Alberta, West Fraser is hedged against electricity market price fluctuations for a substantial volume of its electricity consumption through a long-term power purchase agreement that provides electricity at prices based largely on generation costs and inflation. West Fraser's exposure to energy costs includes the cost to purchase electricity, natural gas, gasoline, diesel fuels and fuel surcharges on purchased transportation.

#### Environment

West Fraser's manufacturing operations are subject to environmental protection laws and regulations. The Company has developed internal programs to ensure that its operations are in compliance with applicable laws and standards and to address any instances of non-compliance. West Fraser is committed to responsible stewardship of the environment and the continual improvement of its forest practices and manufacturing procedures to optimize the use of resources and minimize the impact of its operations on the environment. The Company has adopted an Environmental Policy, a copy of which is included in West Fraser's Annual Report and is available on its website at [www.westfraser.com](http://www.westfraser.com).

**Annual Information Form** (continued)**Risk Factors**

A detailed discussion of risk factors is included in "Management's Discussion & Analysis – Risks and Uncertainties", which is incorporated herein by reference.

**Capital Structure***Share Capital*

The authorized share capital of the Company consists of 230,000,000 shares divided into:

- (a) 200,000,000 Common shares,
- (b) 20,000,000 Class B Common shares, and
- (c) 10,000,000 Preferred shares, issuable in series.

The Common shares and Class B Common shares are equal in all respects, including the right to dividends, except that each Class B Common share may at any time be exchanged for one Common share. The Common shares are listed and traded on the Toronto Stock Exchange under the symbol WFT. As at December 31, 2010, the issued share capital consisted of 40,028,434 Common shares and 2,806,478 Class B Common shares for a total of 42,834,912 shares (December 31, 2009 – 42,815,809 shares).

*Credit Ratings*

A description of the credit ratings accorded to West Fraser and its securities is included in the "2010 Management's Discussion & Analysis – Capital Structure and Liquidity", which is incorporated herein by reference. These ratings are not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time.

*Market Prices*

The following table sets forth market prices and trading volumes of the Company's Common shares on the Toronto Stock Exchange for each month of 2010 and 2009.

**Table 10**

	2010				2009	
	High (\$)	Low (\$)	Close (\$)	Volume (000's)	Close (\$)	Volume (000's)
January	36.78	31.99	32.74	1,560	30.00	1,375
February	37.94	31.52	36.62	960	27.24	1,215
March	39.69	35.95	38.63	1,332	22.34	1,158
April	45.04	38.21	44.00	2,114	26.95	1,430
May	45.50	38.83	43.50	1,430	29.06	1,731
June	43.36	32.18	33.23	854	23.44	2,045
July	37.04	32.25	34.93	803	26.55	1,224
August	39.75	34.82	37.01	977	25.50	960
September	39.33	36.10	37.80	847	27.25	1,062
October	44.52	36.18	44.30	1,218	26.10	768
November	48.18	42.19	44.70	1,100	31.50	1,407
December	48.96	43.89	46.84	6,151	33.00	1,070
<b>Total</b>				<b>14,538</b>		<b>15,445</b>

Source: <http://tradingdata.tsx.com>

*Dividends*

The declaration and payment of dividends is within the discretion of the Board of Directors of the Company. Historically, dividends have been declared on a quarterly basis payable after the end of each quarter. In 2008, the Company declared quarterly cash dividends of \$0.14 per Common share and Class B Common share. In 2009 the Company reduced the quarterly dividend starting in the second quarter from \$0.14 to \$0.03 but increased it to \$0.06 starting in the third quarter of 2010. There can be no assurance

that dividends will continue to be declared and paid by the Company in the future, as the discretion of the Board of Directors will be exercised from time to time taking into account the current circumstances of the Company.

#### *Transfer Agent*

West Fraser's transfer agent and registrar is CIBC Mellon Trust Company, with registers of transfers in Vancouver and Toronto.

#### **Experts**

West Fraser's auditors are PricewaterhouseCoopers LLP ("PwC"), who prepared the Auditors' Report included with the Company's Consolidated Financial Statements for the year ended December 31, 2010. PwC has confirmed that it is independent with respect to the Company, within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of B.C., as of February 16, 2011.

#### **Directors and Officers**

##### *Directors*

The names and municipalities of residence of the directors of the Company, their principal occupations during the past five years and the periods during which they have been directors of the Company are as follows:

<b>Name and Municipality of Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>
<b>Henry H. Ketcham</b> Vancouver, B.C.	Chairman, President and Chief Executive Officer	September 16, 1985
<b>Clark S. Binkley</b> <sup>1, 3 &amp; 4</sup> Portland, Oregon	Managing Director, International Forestry Investment Advisors (advisory services)	February 13, 1992
<b>J. Duncan Gibson</b> <sup>1, 2 &amp; 4</sup> Toronto, Ontario	Investor	April 29, 1997
<b>William P. Ketcham</b> <sup>4</sup> Seattle, Washington	Chairman of the Board, Henry H. Ketcham Lumber Co., Inc. (private investment)	December 1, 1966
<b>Samuel W. Ketcham</b> <sup>3 &amp; 4</sup> Seattle, Washington	Investor	April 27, 2010
<b>Harald H. Ludwig</b> <sup>2 &amp; 4</sup> West Vancouver, B.C.	President, Macluan Capital Corporation (diversified private equity investments)	May 2, 1995
<b>Brian F. MacNeill</b> , C.M. <sup>2 &amp; 4</sup> Calgary, Alberta	Corporate Director	September 19, 2000
<b>Robert L. Phillips</b> <sup>3, 4 &amp; 5</sup> Vancouver, B.C.	Corporate Director	April 28, 2005
<b>Janice G. Rennie</b> <sup>1, 3 &amp; 4</sup> Edmonton, Alberta	Corporate Director	April 28, 2004

1. Member of the Audit Committee.
2. Member of the Compensation Committee.
3. Member of the Safety & Environment Committee.
4. Member of the Governance & Nominating Committee.
5. Lead Director.

**Annual Information Form** (continued)

Each director has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years except for Brian F. MacNeill who, before August 1, 2009, was Chair of the Board of PetroCanada. The term of office of each director will expire at the conclusion of the Company's next annual general meeting.

*Officers*

<b>Name and Municipality of Residence</b>	<b>Office Held</b>
<b>Henry H. Ketcham</b> Vancouver, B.C.	Chairman, President and Chief Executive Officer
<b>D. Wayne Clogg</b> Victoria, B.C.	Senior Vice-President, Woodlands
<b>Raymond W. Ferris</b> Quesnel, B.C.	Vice-President, Wood Products
<b>Larry S. Hughes</b> Vancouver, B.C.	Senior Vice-President and Secretary
<b>Rodger M. Hutchinson</b> West Vancouver, B.C.	Vice-President, Corporate Controller
<b>Maureen F. Kuper</b> Burnaby, B.C.	Treasurer
<b>David P. Lehane</b> Quesnel, B.C.	Vice-President, Canadian Woodlands
<b>Christopher D. Mclver</b> Quesnel, B.C.	Vice-President, Lumber Sales and Corporate Development
<b>Sean P. McLaren</b> Collierville, Tennessee	Vice-President, U.S. Lumber Operations
<b>Gerald J. Miller</b> Vancouver, B.C.	Executive Vice-President, Finance and Chief Financial Officer
<b>Peter A. Rippon</b> Quesnel, B.C.	Vice-President, Pulp and Energy
<b>Edward R. Seraphim</b> North Vancouver, B.C.	Executive Vice-President and Chief Operating Officer

Each officer has held the same or a similar office with the organization indicated or a predecessor thereof for the last five years except for Gerald J. Miller, who before January 1, 2009 was Executive Vice-President, Operations and before February 15, 2007 was Executive Vice-President, Pulp & Paper; Raymond W. Ferris, who before January 1, 2009 was Vice-President, Lumber Operations and before September 15, 2007 was Operations Manager, Solid Wood; Larry S. Hughes, who before September 1, 2007 was Secretary and a partner in the law firm Lang Michener LLP; Maureen F. Kuper, who before April 25, 2007 was Manager, Treasury Operations; David P. Lehane, who before September 15, 2007 was Operations Manager, Solid Wood; Edward R. Seraphim, who before June 18, 2010 was Vice-President, Pulp & Paper and before February 15, 2007 was Vice-President, Pulp & Paper Sales; Christopher D. Mclver, who before October 1, 2010 was Vice-President, Lumber Sales; Sean P. McLaren, who before October 1, 2010 was General Manager, Wood Products for the U.S. operations, before August 11, 2010 was Manufacturing Manager for the U.S. operations and before April 1, 2007

was General Manager, Williams Lake sawmill; and Peter A. Rippon, who before October 1, 2010 was Operations Manager, Mechanical Pulp and Energy and before May 14, 2008 was Operations Manager, Mechanical Pulp.

#### *Shareholdings of Directors and Officers*

The directors and executive officers of the Company as a group, beneficially owned or controlled or directed, directly or indirectly, the following shares of the Company:

	<b>December 31, 2010</b>	December 31, 2009
Common shares	<b>2,726,228</b>	5,309,520 <sup>1</sup>
% of total Common shares	<b>7%</b>	13%
Class B Common shares	<b>911,794</b>	911,794
% of total Class B Common shares	<b>32%</b>	32%
% of all shares outstanding	<b>8%</b>	15%

1. Included 2,375,606 Common shares held by a trust of which Mr. William H. Ketcham was a trustee. Mr. Ketcham did not stand for re-election in 2010 and so these shares are not included in the 2010 total.

#### **Governance**

Corporate governance is guided by West Fraser's Corporate Governance Policy, a copy of which may be viewed on the Company's website: [www.westfraser.com](http://www.westfraser.com). The Board of Directors has established a Governance & Nominating Committee comprised of all non-management directors. The Committee provides support for the stewardship and governance role of the Board in reviewing and making recommendations on the composition of the Board, the functioning of the Board and its committees, succession planning and all other corporate governance matters and practices. On the occasion of each regularly-scheduled meeting of the Board in 2010, the Committee met without management representatives present and reviewed these and other issues.

#### **Audit Committee**

The Audit Committee of the Company's Board of Directors assists the Board in fulfilling its responsibility to oversee the Company's financial reporting and audit process. The full text of the Audit Committee's Charter is attached as Schedule 1.

#### **Members**

The following identifies each current member of the Audit Committee, and the education and experience of each member that is relevant to the performance of the member's responsibilities as an Audit Committee member. All members of the Audit Committee are considered "independent" and "financially literate" within the meaning of NI 52-110.

##### *J. Duncan Gibson*

Mr. Gibson holds a Bachelor of Commerce and a Masters of Business Administration. His career spanned 27 years with the Toronto- Dominion Bank, including nine years in the Corporate Banking, U.S. Division, and as Vice-Chairman with responsibility for the Commercial Banking Division.

##### *Clark S. Binkley*

Dr. Binkley holds a Bachelor of Arts in Applied Mathematics and a PhD in Forestry and Environmental Studies. He was recently the Chief Investment Officer of the world's largest private equity timberland investment firm. He has served as a director of public and private forest products companies.

##### *Janice G. Rennie*

Mrs. Rennie, who holds a Bachelor of Commerce, is a Chartered Accountant. She was elected as Fellow of the Chartered Accountants in 1998. Mrs. Rennie has chaired or been a member of several audit committees of public companies, including Teck Resources Limited, Nova Chemicals Inc., Weldwood of Canada Limited, Canadian Hotel Income Properties REIT, Capital Power Corporation, Methanex Corporation, Major Drilling Group International Inc. and Matrikon Inc.

#### *Pre-approval Policies and Procedures*

The Audit Committee has adopted a policy that sets out the pre-approval requirements related to services to be performed by the Company's independent auditors. The policy provides that the Committee will annually review proposed audit, audit-related, tax

**Annual Information Form** (continued)

and other services (to be submitted by the Chief Financial Officer and the independent auditor), and will provide general approval of described services, usually including specific maximum fee amounts.

Unless a service has received general pre-approval, it will require specific pre-approval by the Committee. The Committee is permitted to delegate pre-approval authority to any of its members. The Committee reports on the pre-approval process to the full Board of Directors from time to time.

**Fees Paid to Auditors** (\$ thousands) **Table 12**

	2010	2009
Audit Fees <sup>1</sup>	895	899
Audit-related Fees <sup>2, 3</sup>	270	176
Tax Fees <sup>2</sup>	129	355

1. Represents actual and estimated fees related to fiscal year ends.

2. Represents fees invoiced in the fiscal year.

3. For assurance and related services that are reasonably related to the performance of the audit but are not reported as "Audit Fees".

**Material Contracts**

On March 30, 2007, the Company entered into a committed revolving \$600 million operating facility with a maturity date of 2012. The facility has been amended from time to time to reflect certain covenant adjustments and the granting of security. On December 13, 2010 the Company and its lenders again agreed to amend the facility, reducing it from \$600 million to \$500 million and extending the maturity date to December 2014. The facility continues to include general floating security over the Company's assets in favour of its lenders and, where required under applicable U.S. laws, mortgages on certain real properties in the U.S.

**Incorporation by Reference**

The sections of the Company's Annual Report entitled "Management's Discussion & Analysis" and "Six-Year Review" are incorporated herein by reference.

**Additional Information**

When securities of the Company are in the course of distribution pursuant to a short form prospectus, or a preliminary short form prospectus has been filed in respect of a distribution of its securities, the Company will, upon request, provide to any person:

- (a) one copy of this Annual Information Form, together with one copy of any document, or of the pertinent pages of any document, incorporated by reference in this Annual Information Form;
- (b) one copy of the comparative consolidated financial statements of the Company for the year ended December 31, 2010, together with the accompanying auditors' report, and one copy of each interim consolidated financial statement of the Company prepared for a period after December 31, 2010;
- (c) one copy of the Information Circular for the annual general meeting of the Company to be held on April 26, 2011; and
- (d) one copy of each other document that is incorporated by reference in the short form prospectus or the preliminary short form prospectus and is not described above.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and options to purchase its securities, is contained in the Company's Information Circular. Additional financial information is provided in the Company's comparative consolidated financial statements for the year ended December 31, 2010.

Copies of this Annual Information Form and the documents incorporated by reference therein, the comparative consolidated financial statements of the Company (including the auditors' report) for the year ended December 31, 2010, each consolidated interim financial statement prepared for a period after December 31, 2010, the Company's Information Circular and Annual Report may be obtained at any time upon request from the Company, but the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.



This Annual Information Form, the Company's Annual Report and additional information concerning the Company may also be obtained on the website [www.westfraser.com](http://www.westfraser.com) and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## **Schedule 1**

The Audit Committee Charter, which is set out below, was approved by the Board on December 8, 2010.

### *General Mandate*

To assist the Board in fulfilling its responsibility to oversee the Company's financial reporting and audit processes, its system of internal controls and its process for monitoring compliance with applicable financial reporting and disclosure laws and its own policies.

### *Responsibilities*

The Committee will carry out the following responsibilities:

### Financial Statements

- Review significant accounting and financial reporting issues, including complex or unusual transactions, significant contingencies and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the Company's financial statements
- Review interim financial reports (including financial statements, management's discussion and analysis and related news releases) with management and the auditors, consider whether they are complete and consistent with the information known to Committee members and provide a recommendation to the Board with respect to the approval of the interim financial reports
- Understand how management develops interim financial information, and the nature and extent of auditor involvement
- Review with management and the auditors the results of the audit, including any difficulties encountered
- Review the annual financial statements, the annual management discussion and analysis and related news releases, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles, and provide a recommendation to the Board with respect to the approval of the statements, the management discussion and analysis and the news release
- Review with management and the auditors all matters required to be communicated to the Committee under generally accepted auditing standards
- Approve, if so delegated by the Board, the interim financial reports and annual financial statements and the filing of the same together with all required documents and information with regulators

### Internal Control

- Require management of the Company to implement and maintain appropriate internal control procedures over annual and interim financial reporting
- Review with management and auditors the adequacy and effectiveness of the Company's internal control over annual and interim financial reporting, including information technology security and control and controls related to the prevention and detection of fraud and improper or illegal transactions or payments, the status of the remediation of any identified control deficiencies, and elicit recommendations for improvements
- Understand the scope of the auditors' review of internal control over financial reporting, and obtain and review reports on significant findings and recommendations, including respecting the Company's accounting principles or changes to such principles or their application and the treatment of financial information discussed with management, together with management's responses

**Annual Information Form** (continued)Audit

- Review the auditors' proposed audit scope and approach
- Review the performance of the auditors, and provide a recommendation to the Board with respect to the nomination of the auditors for appointment and remuneration
- Review and confirm the independence of the auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors
- Periodically evaluate the need for the establishment of an internal audit function and make appropriate recommendations to the Board

Compliance

- Review the effectiveness of the system for monitoring compliance with financial reporting and disclosure laws and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance
- Review the findings of any examinations by regulatory agencies, and any auditor observations
- Obtain regular updates from management and Company legal counsel regarding compliance matters

Reporting Requirements

- Regularly report to the Board about Committee activities, issues and related recommendations
- Provide an open avenue of communication between the auditors and the Board
- Review any reports the Company issues that relate to Committee responsibilities

Other Responsibilities

- Institute and oversee special investigations as needed
- Develop and implement a policy for the approval of the provision of non-audit services by the auditors and assessing the independence of the auditors in the context of these engagements
- Establish procedures for: (a) the receipt, retention and treatment of complaints received regarding non-compliance with the Company's Code of Conduct, violations of laws or regulations, or concerns regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by officers or employees of the Company or by other persons of concerns regarding questionable accounting, auditing or financial reporting and disclosure matters or non-compliance with the Company's Code of Conduct or other matters that are of a sensitive or "whistleblower" nature
- Perform other activities related to this charter as requested by the Board
- Review and assess the adequacy of this charter annually, requesting Board approval for proposed changes
- Review terms of any Code of Conduct established by the Board and respond to any related compliance issues
- Confirm annually to the Board that all responsibilities outlined in this charter have been carried out

Qualifications and Procedures

- The composition of the Committee will comply with applicable laws including requirements for independence, unrelated to management, financial literacy and audit experience
- The Committee will meet at least four times annually, and more frequently as circumstances dictate, and the CFO and a representative of the auditors should be available on request to attend all meetings
- The Committee should meet privately in executive session with representatives of each of management and of the auditors to discuss any matters of concern to the Committee or such members, including any post-audit management letter
- Minutes of each meeting should be prepared, approved by the Committee and circulated to the full Board