



**West Fraser Timber Co. Ltd.**

Notice of Annual General  
Meeting of Shareholders

To Be Held April 27, 2010

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 General Meeting of Shareholders of West Fraser Timber Co. Ltd., which will take place on April 27, 2010 at 11:30 a.m., local time, at 1250 Brownmiller Road, Quesnel, British Columbia.

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

Your participation in its affairs is very important to the Company. You are encouraged to vote, which can easily 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.**

All of our public documents, including the 2009 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,



Henry H. Ketcham  
Chairman, President and  
Chief Executive Officer

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The annual general meeting (the "Meeting") of shareholders of WEST FRASER TIMBER CO. LTD. (the "Company") will be held at 1250 Brownmiller Road, Quesnel, British Columbia on April 27, 2010 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, 2009, 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 any amendment to or variation of any matter identified in this Notice; and
5. to transact such other business as may properly come before the Meeting or any adjournment of it.

An Information Circular and a copy of the Annual Report of the Company for the year ended December 31, 2009 accompany this Notice. The Information Circular contains details of matters to be considered at the Meeting. The Annual Report includes the consolidated financial statements and the auditor's report.

Shareholders registered at the close of business on March 15, 2010 will be entitled to receive this Notice and to vote at the Meeting.

**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, British Columbia, March 25, 2010.

**BY ORDER OF THE BOARD**



Henry H. Ketcham  
Chairman, President and  
Chief Executive Officer

**INFORMATION CIRCULAR**  
(As of March 1, 2010, 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 General Meeting of Shareholders to be held at 1250 Brownmiller Road, Quesnel, British Columbia on April 27, 2010 (and at any adjournment thereof) for the purposes set out in the attached Notice of Annual General Meeting of Shareholders.

**DEFINITIONS**

Unless stated otherwise, in this Circular

“**Auditor**” means the Company's external auditor, currently PricewaterhouseCoopers LLP,

“**Board**” or “**Board of Directors**” means the board of Directors of the Company,

“**CIBC Mellon**” means CIBC Mellon Trust Company, the Company’s transfer agent,

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

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

“**Meeting**” means the Annual General Meeting of Shareholders to be held on April 27, 2010 and any adjournment of it,

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

“**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 Option Plan**” means the 1994 Director, Officer and Employee Stock Option Plan of the Company, as amended,

“**Subsidiary**” means a company controlled, directly or indirectly, by West Fraser,

“**\$**” 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 6 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 15, 2010. 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; and
- the appointment of PricewaterhouseCoopers LLP as auditor of the Company until the close of the next annual general meeting.

**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, management of the Company 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.

**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 6.
  - 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.

**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 CIBC Mellon.

**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 6.

**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, CIBC Mellon at the address set out below so that it arrives no later than 11:30 a.m. (Vancouver time), on April 23, 2010 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 and FOR the appointment of the Auditor.**

**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 CIBC Mellon, Suite 1600, 1066 West Hastings Street, Vancouver, B.C., V6E 3X1, no later than 11:30 a.m. (Vancouver time) on April 23, 2010 or to the individual chairing the Meeting on the date of the Meeting or any adjournment thereof.

Please note that your participation in person 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” on page 6.

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

A. Shareholders will receive a package of the usual annual corporate documents (our 2009 Annual Report, including the Annual Information Form, the Notice, this Circular and the form of proxy).

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 Corporate Secretary of West Fraser or accessed on our website at [www.westfraser.com](http://www.westfraser.com).

**Q. Who are the Principal Shareholders of the Company?**

A. The Principal Shareholders (persons or companies that beneficially own or exercise control or direction over more than 10% of the outstanding Shares of the Company) are set out in the Circular under the heading “Voting Securities and Principal Shareholders”.

**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) 895-2705 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:

CIBC Mellon Trust Company  
1600 - 1066 West Hastings Street  
Vancouver, British Columbia V6E 3X1

Telephone: (416) 643-5500  
(toll free throughout Canada: 1-800-387-0825)  
Facsimile: (416) 643-5501  
Email: [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)

Website: [www.cibcmellon.com](http://www.cibcmellon.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.

**2) By 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 General Meeting of Shareholders)*

### **1) Presentation of Financial Statements**

The consolidated financial statements of the Company for the year ended December 31, 2009 and the Auditor's report thereon for 2009 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 and this Circular.

### **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. 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* (British Columbia).

The 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 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.

## 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.

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 the management of the Company.

The following table also sets out committee memberships of the proposed nominees as at March 1, 2010. West Fraser has four committees: Audit, Compensation, Safety & Environment, and Governance & Nominating.

<p><b>HENRY H. KETCHAM</b></p> 	<p>Director since September 16, 1985</p> <p>Henry H. Ketcham was born on December 1, 1949 and resides in Vancouver, British Columbia, Canada. He is Chairman of the Board and holds the offices of President and Chief Executive Officer of the Company. He is also a director and shareholder of Ketcham Investments, Inc., which owns 3,109,745 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.</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 Cambridge, Massachusetts, U.S.A. Since April 2005 he has been the Managing Director of International Forestry Investment Advisors, a firm he founded 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. Between 1990 and 1998, he was the Dean of the Faculty of Forestry at the University of British Columbia in Vancouver. Dr. Binkley is the Chairman of the Safety &amp; Environment Committee and 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. Before November 2001, he was Vice-Chairman of the Commercial Banking Division of The Toronto-Dominion Bank. Mr. Gibson is the Chairman of the Audit Committee and a member of the Compensation Committee and of the Governance &amp; Nominating Committee. He is a director of FNX Mining Company Inc. and of Futuremed Health Care Income Fund.</p>

<p><b>SAMUEL W. KETCHAM</b></p> 	<p>New Nominee</p> <p>Samuel W. Ketcham was born on July 3, 1968 and resides in Seattle, Washington, U.S.A. He is currently Managing Partner of Ketcham Capital, Inc., a private investment firm based in Seattle and currently owns 450,000 common shares of the Company. From 1996 to December 2005 Mr. Ketcham held various positions in the Company including Vice-President, Administration. He is a director of Radiant Communications Inc.</p>
<p><b>WILLIAM P. KETCHAM</b></p> 	<p>Director since December 1, 1966</p> <p>William P. Ketcham was born on July 9, 1925 and resides in Seattle, Washington, U.S.A. He is a co-founder of the Company and has been involved in the Company's affairs since its inception. He is Chairman of the Board of Henry H. Ketcham Lumber Co., Inc., a private investment company located in Seattle, and is a director and controlling shareholder of Tysa Investments, Inc., which owns 2,177,363 Common shares and 833,066 Class B Common shares of the Company. Mr. Ketcham is a member of the Audit Committee and of the Governance &amp; Nominating Committee. He currently does not serve as a director of any other public company.</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, British Columbia, 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, Co-Chairman of the Board, Chairman of the Strategic Advisory Committee and a member of the Compensation Committee of Lions Gate Entertainment Corp., and a member of the Advisory Board of Tennenbaum Capital Partners, LLC (private equity).</p>
<p><b>BRIAN F. MacNEILL, C.M.</b></p> 	<p>Director since September 18, 2000</p> <p>Brian F. MacNeill was born on July 11, 1939 and resides in Calgary, Alberta, Canada. He is a Fellow Chartered Accountant and retired as Chair of the Board of PetroCanada, a Canadian-based energy exploration, development, refining and marketing company on August 1, 2009. Before January 2001, he was President and Chief Executive Officer of Enbridge Inc. Mr. MacNeill is a member of the Compensation Committee and of the Governance &amp; Nominating Committee. In addition he is a director of Suncor Energy Inc., Telus Corporation, Capital Power Corporation and Oilsands Quest Inc.</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 Vancouver, British Columbia, Canada. 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 Safety &amp; Environment Committee. He is a director of several public corporations, including Canadian Western Bank, MacDonald, Dettwiler and Associates Ltd., Capital Power Corporation and Precision Drilling Corporation.</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. She is a Fellow Chartered Accountant 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. Mrs. Rennie is a member of the Audit Committee, of the Safety &amp; Environment Committee and of the Governance &amp; Nominating Committee. She is a director of the following public corporations: Capital Power Corporation, Matrikon Inc., Methanex Corporation and Teck Resources Limited.</p>

Each nominee has consented to act as 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.

### Director Compensation

Directors' remuneration is adjusted periodically to provide competitive compensation for services provided as a Director. Current remuneration (which applies until April 27, 2010) for each Director is as follows:

Annual retainer	\$50,000
Board meeting attendance fee	\$1,500 per meeting
Annual Committee Chairman retainer	\$10,000 per Committee
Annual Committee retainer	\$2,000 per Committee
Committee meeting attendance fee	\$1,500 per meeting
Lead Director retainer	\$30,000 per year
Fee for return travel of more than 7 hours	\$1,500

Annual retainers are paid in monthly instalments.

A Director who is an employee of the Company does 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 the growth of the Company 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 for the last five trading days in the quarter.

No Common shares were issued to Directors during 2009 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 the growth of the Company 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 ("Units"). The Units are issued based on the Company's Common share price at the time of issue. Additional 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. Units are redeemable only after a Director retires, resigns or otherwise leaves the Board. The redemption value is equal to the Common share price at the date of redemption. A holder of Units may elect to redeem Units in cash or in Common shares. 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 14.

### Total Director Compensation 2009

Name	Fees earned <sup>1</sup> (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Clark S. Binkley	89,000	Nil	Nil	Nil	Nil	Nil	89,000
J. Duncan Gibson	92,000	Nil	Nil	Nil	Nil	Nil	92,000
William H. Ketcham	74,500	Nil	Nil	Nil	Nil	Nil	74,500
William P. Ketcham	70,000	Nil	Nil	Nil	Nil	Nil	70,000
Harald H. Ludwig	75,000	Nil	Nil	Nil	Nil	Nil	75,000
Brian F. MacNeill	68,500	Nil	Nil	Nil	Nil	Nil	68,500
Robert L. Phillips	97,000	Nil	Nil	Nil	Nil	Nil	97,000
Janice G. Rennie	76,500	Nil	Nil	Nil	Nil	Nil	76,500

(1) Represents total earned during 2009. These amounts were paid either in cash or Units as described in the following chart.

### Payment of 2009 Compensation

Name	Cash	Units
Clark S. Binkley	Nil	3,521.3
J. Duncan Gibson	\$92,000	Nil
William H. Ketcham	\$74,500	Nil
William P. Ketcham	\$70,000	Nil
Harald H. Ludwig	Nil	3,018.6
Brian F. MacNeill	Nil	2,792.3
Robert L. Phillips	\$97,000	Nil
Janice G. Rennie	\$76,500	Nil

**Direct and Indirect Share and Other Holdings of Current Directors  
(as at March 1, 2010 and 2009)**

	Shares <sup>1</sup>		Share Purchase Options		Units	
	2010	2009	2010	2009	2010	2009
Henry H. Ketcham <sup>2</sup>	192,948	192,948	870,550	870,550	Nil	Nil
Clark S. Binkley	8,986	8,986	24,200	27,527	8,668.9	5,164.9
J. Duncan Gibson	6,475	6,475	24,200	24,200	5,288.4	5,238.1
William H. Ketcham <sup>3</sup>	600,059	639,559	6,050	6,050	Nil	Nil
William P. Ketcham <sup>4</sup>	3,010,429	3,010,429	24,200	24,200	Nil	Nil
Harald H. Ludwig	5,738	5,738	24,200	27,527	11,671.6	8,684.6
Brian F. MacNeill	2,102	1,662	18,150	18,150	13,417.9	10,665.3
Robert L. Phillips	5,000	5,000	Nil	Nil	Nil	Nil
Janice G. Rennie	500	500	Nil	Nil	5,430.4	5,378.7

- (1) Includes Common and Class B Common shares.  
(2) Does not include 3,109,745 Common shares and 1,743,228 Class B Common shares of the Company held by Ketcham Investments, Inc.  
(3) Does not include 2,221,706 Common shares of the Company held by a trust of the estate of Samuel Kendall Ketcham.  
(4) Includes holdings of Tysa Investments, Inc.

**VOTING SECURITIES AND PRINCIPAL SHAREHOLDERS**

As of March 1, 2010, a total of 40,011,952 Common shares and 2,806,478 Class B Common shares were issued, each carrying the right to one vote.

To the knowledge of the Directors and the Named Executive Officers (as defined in this Circular) of the Company, the only persons who, as at March 1, 2010 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 voting securities of the Company are as follows:

Name of Beneficial Holder	Title of Class	Amount Beneficially Owned or Controlled	% of Class	% of Total Votes
Ketcham Investments, Inc. <sup>1</sup> Seattle, Washington	Common	3,109,745	7.8	7.3
	Class B Common	1,743,228	62.1	<u>4.1</u> 11.4
Tysa Investments, Inc. <sup>2</sup> Seattle, Washington	Common	2,177,363	5.4	5.1
	Class B Common	833,066	29.7	<u>2.0</u> 7.1
Jarislowsky, Fraser Limited <sup>3</sup>	Common	6,195,879	15.5	14.5
Mackenzie Financial Corporation <sup>4</sup>	Common	7,913,500	19.8	18.5

- (1) Ketcham Investments, Inc. is controlled by the family of Henry H. Ketcham, the Chairman, President and Chief Executive Officer of the Company.  
(2) Tysa Investments, Inc. is controlled by William P. Ketcham, a director of the Company.  
(3) Based on disclosure by beneficial holder as at March 1, 2004. The Company is not aware of any change in holdings since March 1, 2004.  
(4) Based on public disclosure as at April 30, 2009. Held by one or more of its mutual fund and private client managed accounts over which it has discretionary authority.

**APPOINTMENT OF THE AUDITOR**

The current Auditor of the Company is PricewaterhouseCoopers LLP, Chartered Accountants, of 700 - 250 Howe Street, Vancouver, British Columbia. PricewaterhouseCoopers LLP has been our Auditor for more than five years.

The Auditor is appointed by the Shareholders, performs its role as Auditor of the Company's 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 management of the Company in connection with the audit. PricewaterhouseCoopers LLP has confirmed its independence from management of the Company in connection with the audit of the consolidated financial statements for the period ending December 31, 2009.

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 2009, 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 financial statements and earnings releases with management and the Audit Committee as required from time to time.

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 management of the Company 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, 2009 which forms part of the Company's 2009 Annual Report and is available at [www.sedar.com](http://www.sedar.com) under the Company's profile.

## **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.

### **Chairman of the Board**

Henry H. Ketcham has served as the Chief Executive Officer and President of the Company since 1985. In 1996 he assumed the role of Chairman of the Board. The Board has considered the issue of the Chairman's relationship with management in the context of the need to ensure the Board's independence from management and has determined that the Chairman is sufficiently aligned with Shareholder interests to ensure Board independence from management. The 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 and Principal Shareholders" on page 12. Ketcham Investments, Inc. acts in concert with Tysa Investments, Inc. which is also a principal Shareholder of the Company. The Board considers that these relationships assure that the Chairman is 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**

Robert Phillips has been Lead Director since February 2008. The Board has stipulated that if, and as long as, the Chairman of the Board is also a member of management, the Board will ensure that one of its non-management 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 non-management Directors. The mandate of the Committee is summarized later in this Circular under "Committees of the Board". 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 the actual practice of the Company continue to serve the best interests of our Shareholders, employees and other stakeholders. The Committee also focuses on the performance of the President and Chief Executive Officer and management succession.

## **Code of Conduct**

In 2004 our Board approved a Code of Conduct for the Company and its Directors, officers and employees. The Code sets out expectations for safety and health, environmental stewardship, conflicts of interest, ethical conduct and other areas. The Code includes an acknowledgement with respect to compliance to be confirmed by each Director and each member of management. The Code also establishes a "whistle-blower" procedure for the reporting of potential breaches of the Code to a non-management person. 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, 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 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 Share Ownership**

On the recommendation of the Board's Compensation Committee, we have developed a minimum requirement with respect to ownership of securities of the Company by Directors. Each Director is expected to acquire and hold Shares and Units issued under the DSU Plan totalling not less than 5,000. All current directors are in compliance with this requirement. For a description of the holdings of the Directors see the chart on page 12.

## **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 the Company's business and implementation of appropriate systems to manage these risks, (iii) succession planning, including appointment, training and monitoring of senior management of the Company, (iv) implementation of a communication policy for the Company regarding disclosure of corporate information, and (v) ensuring the integrity of the Company's internal control and management information systems including accounting systems.

The Board met eight times in 2009 including five 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 the strategic direction of the Company.

The Board has, with the advice of management, identified the principal risks of the Company's 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 the Company's manufacturing assets, forest resources and financial resources, and compliance with all regulatory obligations.

The Board receives and reviews regular reports on the Company's operations, including reports dealing with safety and environmental issues.

The Board is responsible for the supervision of senior management of the Company to ensure that the operations of the Company are conducted in accordance with objectives set by the Board. All appointments of senior management are approved by the Board. As part of the Company's 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 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 the Company's 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. The Company maintains 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 the Company's 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, 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 the Company's senior management. All communications are subject to the Company's 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 the Company's 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 business unit of the Company. These updates compare actual performance to the Company's annual forecast and historical results and include a discussion of all significant variances.

As part of the monitoring process, the President and 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 President and Chief Executive Officer that sets out achievements relative to the original goals and expectations. Both the Board and the President and 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**

We are required to disclose which of our Directors are, or are not, "independent" as that term is used in Multilateral Instrument 52-110 ("MI 52-110"). Eight of nine of our Directors are independent. Below is a summary of the basis of our determinations:

Name	Determination and Basis
Henry H. Ketcham	Non-Independent Basis for Determination: Serves as Chairman, President and Chief Executive Officer of the Company.
William H. Ketcham	Independent
Clark S. Binkley	Independent
J. Duncan Gibson	Independent
William P. Ketcham	Independent
Harald H. Ludwig	Independent
Brian F. MacNeill	Independent
Robert L. Phillips	Independent
Janice G. Rennie	Independent

William H. Ketcham is the cousin of Henry H. Ketcham, the Company’s Chairman, Chief Executive Officer and President. He is also a nephew of William P. Ketcham, a Director of the Company, and is a trustee of one of West Fraser’s principal Shareholders. The Board has considered these relationships and interests, including the shareholding interests of Henry H. Ketcham and William P. Ketcham, and has determined that William H. Ketcham is sufficiently independent of management of the Company and has interests aligned with Shareholders to an extent that qualifies him to be a member of the Governance & Nominating Committee and make a valuable contribution in that role.

William P. Ketcham is one of three founders of the Company and is an uncle of Henry H. Ketcham and William H. Ketcham. He also controls one of the Company’s principal Shareholders, Tysa Investments, Inc. – see page 12 – “Voting Securities and Principal Shareholders”. The Board has considered these relationships and interests, including the shareholding interests of his nephews, and has determined that William P. Ketcham is sufficiently independent of management and has interests aligned with Shareholders to an extent that qualifies him to be a member of the Audit Committee and Governance & Nominating Committee and make a valuable contribution in those roles.

The Governance & Nominating Committee, which is comprised of all Directors other than Henry H. Ketcham, the Company’s Chairman, Chief Executive Officer and President, meets without any members of management present as part of each regularly scheduled meeting of the Board. There were five such meetings during 2009.

### **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 the Company’s 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 management of the Company: Audit, Compensation, Safety & Environment, and Governance & Nominating.

***Audit Committee***

Chairman: J. Duncan Gibson

Other Members: Clark S. Binkley  
William P. Ketcham  
Janice G. Rennie

The full text of the Audit Committee Charter 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 MI 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. William P. Ketcham is the uncle of Henry H. Ketcham, the Company’s Chairman, Chief Executive Officer and President, but this relationship does not disqualify him from serving as a member of the Audit Committee. The Board has considered this relationship and William P. Ketcham’s interests as a founder and principal Shareholder of the Company, as well as his long-term participation in the oversight of the financial and operational affairs of West Fraser, and has determined that his participation as a member of the Audit Committee is in the best interests of all Shareholders.

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

***Compensation Committee***

Chairman: Harald H. Ludwig

Other Members J. Duncan Gibson  
Brian F. MacNeill

The Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to the remuneration of senior management of the Company 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.

In 2004 the Committee recommended to the Board that Directors no longer be eligible to receive Options as part of their compensation. The Board has adopted and approved this recommendation as well as the introduction of the DSU Plan as part of a series of changes to the Company's Director compensation policies. In 2007 the Stock Option Plan was amended with the approval of the Shareholders to confirm that Directors were no longer eligible to receive Options. For more details, see “Director Compensation” beginning on page 10.

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

Chairman: Clark S. Binkley

Other Members: William H. Ketcham  
Robert L. Phillips  
Janice G. Rennie

The Safety & Environment Committee is responsible for monitoring the Company's safety and environmental performance. The Committee conducts an ongoing review of the Company's 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 the Company subscribes. The Charter of the Safety & Environment Committee may be viewed on our website at [www.westfraser.com](http://www.westfraser.com).

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

Chairman: Robert L. Phillips

Other Members: Clark S. Binkley  
J. Duncan Gibson  
William H. Ketcham  
William P. Ketcham  
Harald Ludwig  
Brian F. MacNeill  
Janice G. Rennie

The Governance & Nominating Committee is comprised of each Director who is not a member of management. 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 President and Chief Executive Officer and reviews and assesses succession plans for management submitted to it on a regular basis.

### **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 the business of the Company, receive historical and current operating and financial information and may tour facilities of the Company.

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 practices.

## 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 Lead Director. To date no significant problem with respect to performance of the Board or any Committee has been identified.

The Board has also considered a “peer” or individual director review process and has determined that the size of the Board, the significant interaction of Directors at both Board and Committee levels and the role of the Lead Director position make this additional review process unnecessary.

## Meeting Attendance Record

In 2009 the attendance record for Board meetings was 97% and for Committee meetings was 96%. The following chart sets out meeting attendance records of our Directors during 2009.

Director	Board Meetings	Committees			
		Audit	Compensation	Safety & Environment	Governance & Nominating
H.H. Ketcham	8 of 8	—	—	—	—
C.S. Binkley	7 of 8	4 of 5	—	2 of 2	5 of 5
J.D. Gibson	8 of 8	5 of 5	3 of 3	—	5 of 5
W.H. Ketcham	8 of 8	—	—	2 of 2	5 of 5
W.P. Ketcham	8 of 8	4 of 5	—	—	5 of 5
H.H. Ludwig	7 of 8	—	3 of 3	—	4 of 5
B.F. MacNeill	8 of 8	—	3 of 3	—	5 of 5
R.L. Phillips	8 of 8	—	—	2 of 2	5 of 5
J.G. Rennie	8 of 8	5 of 5	—	2 of 2	5 of 5

## Age Limitation

In 1994 the Board approved a requirement that any nominee for Director be less than age 70. Directors who were serving in that capacity at that time (including Clark S. Binkley, Henry H. Ketcham and William P. Ketcham) were exempted from this requirement. At a meeting in December 2009 the Board resolved to waive this requirement for Brian MacNeill for 2010 and Mr. MacNeill has been nominated for re-election as a director in 2010.

## EXECUTIVE COMPENSATION DISCUSSION & ANALYSIS

### Report on Executive Compensation

The policy of the Compensation Committee (the “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. Each of the components of total compensation is established based on the following criteria:

Base Salary	– to be competitive with median salaries for comparable positions
Annual Incentive Bonus	– based on the financial performance of the Company above a minimum return on shareholders' equity
Long-Term Incentive	– to be competitive at the 75 <sup>th</sup> percentile for comparable positions in respect of long-term incentives

Overall, the compensation package is designed to compensate executive officers for above-average, long-term, sustainable financial results.

In order to establish compensation for executive officers other than the Chief Executive Officer (the “CEO”), the Committee receives recommendations with supporting documentation, including data on comparable compensation levels, from 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.

The Company uses, and periodically participates in, broad-based compensation surveys prepared by independent consulting firms. As well, from time to time the Company 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.

In 2009 the Company benchmarked compensation of the CEO and certain other executive officer positions where comparable information could be obtained. The group of comparable companies included 12 Canadian publicly-traded paper and forest products companies and eight Canadian publicly-traded capital-intensive, resource-based companies (the “Peer Group”). In relation to both annual revenues and market capitalization, the Company ranked above the 50<sup>th</sup> percentile compared to the Peer Group.

The Peer Group for the 2009 compensation benchmarking study includes the following publicly-traded, Canadian companies:

**Paper and Forest Products**

AbitibiBowater Inc.  
Canfor Corporation  
Canfor Pulp Income Fund  
Catalyst Paper Corporation  
Domtar Corporation  
Fraser Papers Inc.  
International Forest Products Limited  
Norbord Inc.  
Sino-Forest Corporation  
Tembec Inc.  
TimberWest Forest Corp.  
Western Forest Products Inc.

**Capital-Intensive, Resource-Based**

Cameco Corporation  
First Quantum Minerals Ltd.  
Gerdau AmeriSteel Corporation  
HudBay Minerals Inc.  
Kinross Gold Corporation  
Methanex Corporation  
Sherritt International Corporation  
Thompson Creek Metals Company Inc.

### ***Composition of the Compensation Committee***

The Committee currently consists of three independent Directors. The Committee met three times in 2009 to review matters relating to the compensation of Directors and executive officers. The Board gives final approval on all matters relating to the compensation of Directors and executive officers of the Company, 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.

### ***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 2009.

As a result of several retirements in late 2008, the Board approved adjustments, effective January 1, 2009, to the base salaries of certain executive officers to recognize significant responsibility changes. The adjusted salaries were based on Company data and benchmarks.

In determining its September 2009 recommendation for the base salary of each executive officer, the Committee considered the comparative data for the Peer Group. In addition the Committee considered the effect of the economic downturn on the financial performance of the Company in the current and recent years.

After considering the effect of the prolonged economic downturn on the financial results of the Company the Committee recommended that base salaries for executive officers be held at current levels and this recommendation was accepted by the Board.

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

The annual incentive bonus plan (the "Bonus Plan") covers the CEO and the Vice-Presidents of the Company. The Bonus Plan is the variable compensation component of total executive compensation designed to compensate these officers annually based on the achievement of objective annual financial return targets of the Company as a whole.

The bonus is calculated as a percentage of current salary, with the percentage based on the annual return on average Common Shareholders' equity ("ROE") above a minimum return. If the annual ROE is below 5% bonuses are not payable under the Bonus Plan. At the 5% ROE level, bonuses for the Vice-Presidents are 17.5% of Base Salary. The bonus percentage increases on a straight-line basis up to 100% at a 15% ROE 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 also consider other issues, including safety performance, when determining bonuses under the Bonus Plan.

In 2009, as in each of 2007 and 2008, the annual ROE did not reach the minimum level required by the Bonus Plan and, as a result, no annual incentive bonuses were earned by or paid to the executive officers of the Company.

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

The long-term incentive component of compensation is comprised of equity-based stock options and phantom share units that are intended to directly align the long-term interests of senior management with those of our Shareholders. The proportion of stock options and phantom share units and performance

share units included in a long-term incentive grant will vary from time to time in the discretion of the Board.

#### Stock Option Plan

The Board of Directors 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, including effective April 25, 2007 to increase by 1.5 million the number of Common shares that may be issued under options (“Options”) granted under it, to impose certain limits on the number of Options that may be issued to insiders of the Company, 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. These amendments were approved by both the Toronto Stock Exchange and Shareholders.

As of March 1, 2010, taking into account Options that have terminated or been cancelled, including those surrendered for cash (the “Cash Value Alternative”), the total number of Common shares that may be issued upon the exercise of the outstanding Options under the Stock Option Plan is 3,128,109, the weighted-average exercise price per Common share that may be issued under the outstanding Options is \$35.28, and the total number of Common shares remaining available for future issuance pursuant to Options granted under the Stock Option Plan is 682,893, which results in a total of 3,811,002 Common shares reserved for issuance pursuant to Options granted under the Stock Option Plan representing 9% of the total number of issued and outstanding Common shares and Class B Common shares as of March 1, 2010. However, since the introduction of the Cash Value Alternative under the Stock Option Plan, most Options have been surrendered for cash rather than exercised for Common shares, which has reduced the dilutive effect of outstanding Options. See “Option Grants” on page 27.

The total number of Common shares that are subject to outstanding Options as at March 1, 2010 is 3,128,109 of which 2,375,645 are exercisable. Of these outstanding Options, 2,012,426 Common shares that are subject to such Options were held by insiders representing 5% of the total number of issued and outstanding Common shares and Class B Common shares as of March 1, 2010.

#### Additional Long-Term Incentive Plans

In February 2010 the Board of Directors approved a 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.

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

Executive officers, including the CEO, are members of the Company’s non-contributory defined benefit pension plans for salaried employees. The pension benefit provided under these pension plans is described starting at page 31 of this Circular. The Company does not provide any additional post-retirement benefits, such as medical or dental insurance, to the executive officers.

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

In recommending compensation for the CEO, the Committee follows similar principles to those applied for all other executive officers of the Company. 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. This information, along with Company-specific data, is 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.

In 2009 Henry H. Ketcham's annual base salary was \$717,500, the same annual base salary Mr. Ketcham has earned since September 2006. Mr. Ketcham received no bonus in respect of 2009, 2008 or 2007. In February 2009 Mr. Ketcham was granted Options to purchase 143,500 Common shares at an exercise price of \$24.71 while in February 2008 he was granted Options to purchase 128,590 Common shares at an exercise price of \$33.30. For further particulars, see "Compensation of Named Executive Officers".

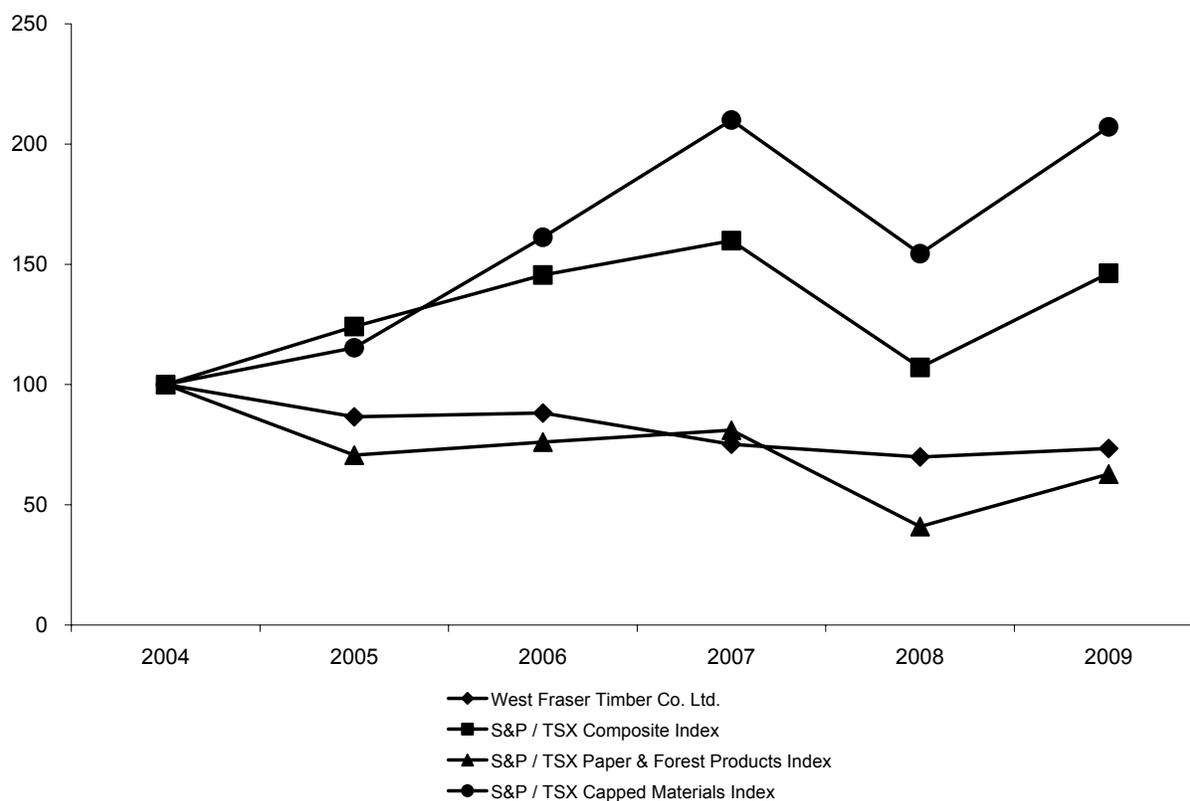
### ***Compensation Committee Responsibility***

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. In making its determinations, the Committee has access to comparative data and receives advice from selected independent consultants.

Submitted by the Compensation Committee:  
H.H. Ludwig (Chairman)  
J.D. Gibson  
B.F. MacNeill

### **Performance Graph**

The following graph compares the total cumulative return to a Shareholder who invested \$100 in Common shares of the Company on December 31, 2004 with the cumulative total return of the S&P/TSX Composite Index, the TSX Paper & Forest Products Index and the S&P/TSX Capped Materials Index for the same period.



December 31<sup>1,2</sup>

	2004	2005	2006	2007	2008	2009
West Fraser Timber Co. Ltd.	100	87	88	75	70	73
S&P/TSX Composite Index	100	124	146	160	107	146
S&P/TSX Paper and Forest Products Index	100	71	76	81	41	63
S&P/TSX Capped Materials Index	100	115	161	210	154	207

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 and Total Shareholder Return

Total compensation for Named Executive Officers for the five-year period reflects the significant downturn in the forest products industry and the resulting decline in Shareholder returns. As a result of this decline, base salaries for Named Executive Officers were not increased in October of 2009. As well, annual incentive bonuses for Named Executive Officers have not been earned or paid for years subsequent to 2006. Long-term incentives granted to Named Executive Officers in 2002 through 2008 had not accrued to December 31, 2009, reflecting the significant downturn in the forest products industry and the resulting decline in shareholder returns.

### Compensation of Named Executive Officers

During the financial period ended December 31, 2009, the aggregate direct remuneration paid or payable to Directors and executive officers by the Company and its Subsidiaries, all of whose financial statements are consolidated with those of the Company, was \$3,787,735 (2008 - \$4,882,521).

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

Henry H. Ketcham, Chairman, President and Chief Executive Officer,  
 D. Wayne Clogg, Senior Vice-President, Woodlands,  
 Raymond W. Ferris, Vice-President, Solid Wood Products,  
 Larry S. Hughes, Senior Vice-President and Secretary,  
 Gerald J. Miller, Executive Vice-President, Finance and Chief Financial Officer, and  
 Edward R. Seraphim, Vice-President, Pulp & Paper.

The compensation of each of the Named Executive Officers for the Company’s two most recently completed financial years is set out below:

**Summary Compensation Table**

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>1</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>2</sup> (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans <sup>3</sup>			
<b>Henry H. Ketcham</b> Chairman, President and Chief Executive Officer	2009	717,500	-	1,722,000	-	-	182,100	-	2,621,600
	2008	717,500	-	1,530,221	-	-	206,400	-	2,454,121
<b>D. Wayne Clogg</b> Senior Vice- President, Woodlands	2009	309,000	-	372,000	-	-	65,600	-	746,600
	2008	302,250	-	319,907	-	-	75,900	-	698,057
<b>Raymond W. Ferris</b> Vice- President, Solid Wood Products	2009	280,000	-	252,000	-	-	38,500	-	570,500
	2008	211,575	-	169,368	-	-	43,500	-	424,443
<b>Larry S. Hughes</b> Senior Vice- President and Secretary	2009	309,000	-	372,000	-	-	62,280	-	743,280
	2008	302,250	-	319,907	-	-	71,300	-	693,457
<b>Gerald J. Miller</b> Executive Vice- President, Finance and Chief Financial Officer	2009	411,360	-	624,000	-	-	87,600	-	1,122,960
	2008	402,371	-	533,180	-	-	102,600	-	1,056,151

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>1</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>2</sup> (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans <sup>3</sup>			
Edward R. Seraphim Vice-President, Pulp & Paper	2009	280,000	-	252,000	-	-	51,700	-	583,700
	2008	266,985	-	213,720	-	-	62,300	-	543,005

- (1) 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 Black-Scholes-Merton method. Whether the executive will receive value under these Options will depend on the future market price of Common shares. As at December 31, 2009 the prevailing market price of a Common share was \$33.00. A description of the current value of all Options held by each Named Executive Officer is set out in the charts at pages 29-31.
- (2) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of total compensation for any of the Named Executive Officers.
- (3) See “Executive Compensation Discussion & Analysis – Report on Executive Compensation – Long-term Incentive”. The Company does not maintain any non-equity long-term incentive plan for officers.

### Option Grants

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 Toronto Stock Exchange 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 particular time. 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 Toronto Stock Exchange 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. As a result, the Company reflects changes in the potential liability under the Cash Value Alternative as an expense item in its consolidated financial statements. Since implementation of the Cash Value Alternative, Options representing a total of 1,043,912 Common shares have been surrendered pursuant to it while only 53,403 Common shares have been issued on the exercise of outstanding Options.

Management of the Company 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 outstanding voting securities of the Company (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.

The Options granted to each of the Named Executive Officers during the financial year ended December 31, 2009 pursuant to the Stock Option Plan were as follows:

**Options/SAR Grants During The Most Recently Completed Financial Year**

<b>Name</b>	<b>Securities Under Options/SARs Granted<sup>(1)</sup> (#)</b>	<b>% of Total Options/SARs Granted to Employees in Financial Year</b>	<b>Exercise or Base Price (\$/Security)</b>	<b>Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)</b>	<b>Expiration Date</b>
Henry H. Ketcham	143,500	31.9	24.71	24.71	February 20, 2019
D. Wayne Clogg	31,000	8.9	24.71	24.71	February 20, 2019
Raymond W. Ferris	21,000	4.7	24.71	24.71	February 20, 2019
Larry S. Hughes	31,000	8.9	24.71	24.71	February 20, 2019
Gerald J. Miller	52,000	11.6	24.71	24.71	February 20, 2019
Edward R. Seraphim	21,000	4.7	24.71	24.71	February 20, 2019

During 2009 none of the Named Executive Officers exercised or surrendered for cash any outstanding Options.

The following tables provide particulars of Options held by each of the Named Executive Officers as of December 31, 2009 with current value based on the closing trading price on the Toronto Stock Exchange that day of \$33.00:

Henry H. 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 10, 2000	96,800	—	29.752	314,406	—	February 10, 2010
January 4, 2001	96,800	—	21.074	1,154,436	—	January 4, 2011
February 19, 2002	72,600	—	33.471	—	—	February 19, 2012
February 11, 2003	72,600	—	33.409	—	—	February 11, 2013
February 20, 2004	40,000	—	38.900	—	—	February 20, 2014
February 17, 2005	40,528	10,132	51.560	—	—	February 17, 2015
February 16, 2006	27,000	18,000	41.190	—	—	February 17, 2016
February 15, 2007	49,200	73,800	45.200	—	—	February 15, 2017
February 22, 2008	25,718	102,872	33.300	—	—	February 22, 2018
February 20, 2009	—	143,500	24.710	—	1,189,615	February 20, 2019
Totals	521,246	348,304		1,468,842	1,189,615	

The total value of Shares and exercisable Options held by Mr. Ketcham, which does not include Shares held by Ketcham Investments, Inc., as at December 31, 2009, based on the closing trading price on the Toronto Stock Exchange that day of \$33.00, was \$7,836,127.

D. Wayne Clogg

<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 10, 2000	24,200	—	29.752	78,601	—	February 10, 2010
January 4, 2001	24,200	—	21.074	288,609	—	January 4, 2011
February 19, 2002	18,150	—	33.471	—	—	February 19, 2012
February 11, 2003	18,150	—	33.409	—	—	February 11, 2013
February 20, 2004	10,000	—	38.900	—	—	February 20, 2014
February 17, 2005	14,008	3,502	51.560	—	—	February 17, 2015
February 16, 2006	8,220	5,480	41.190	—	—	February 17, 2016
February 15, 2007	6,400	9,600	45.200	—	—	February 15, 2017
February 22, 2008	5,377	21,506	33.300	—	—	February 22, 2018
February 20, 2009	—	31,000	24.710	—	256,990	February 20, 2019
Totals	128,705	71,088		367,210	256,990	

The total value of Shares and exercisable Options held by Mr. Clogg as at December 31, 2009, based on the closing trading price on the Toronto Stock Exchange that day of \$33.00, was \$385,360.

Raymond W. 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, 2004	3,000	—	38.900	—	—	February 20, 2014
February 17, 2005	4,000	1,000	51.560	—	—	February 17, 2015
February 16, 2006	3,000	2,000	41.190	—	—	February 17, 2016
February 15, 2007	2,000	3,000	45.200	—	—	February 15, 2017
February 22, 2008	2,823	11,291	33.300	—	—	February 22, 2018
February 20, 2009	—	21,000	24.710	—	—	February 20, 2019
<b>Totals</b>	<b>14,823</b>	<b>38,291</b>		<b>—</b>	<b>174,090</b>	

The total value of Shares and exercisable Options held by Mr. Ferris as at December 31, 2009, based on the closing trading price on the Toronto Stock Exchange that day of \$33.00, was \$18,117.

Larry S. 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>
February 11, 2003	6,050	—	33.409	—	—	February 11, 2013
February 15, 2007	2,000	3,000	45.200	—	—	February 15, 2017
September 4, 2007	16,000	24,000	39.000	—	—	September 4, 2017
February 22, 2008	5,377	21,506	33.300	—	—	February 22, 2018
February 20, 2009	—	31,000	24.710	—	256,990	February 20, 2019
<b>Totals</b>	<b>29,427</b>	<b>79,506</b>		<b>—</b>	<b>256,990</b>	

The total value of Shares and exercisable Options held by Mr. Hughes as at December 31, 2009, based on the closing trading price on the Toronto Stock Exchange that day of \$33.00, was \$118,602.

Gerald J. Miller

<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 10, 2000	24,200	—	29.752	78,601	—	February 10, 2010
January 4, 2001	24,200	—	21.074	288,609	—	January 4, 2011
February 19, 2002	18,150	—	33.471	—	—	February 19, 2012
February 11, 2003	18,150	—	33.409	—	—	February 11, 2013
February 20, 2004	10,000	—	38.900	—	—	February 20, 2014
February 17, 2005	15,440	3,860	51.560	—	—	February 17, 2015
February 16, 2006	20,820	13,880	41.190	—	—	February 17, 2016
February 15, 2007	14,800	22,200	45.200	—	—	February 15, 2017
February 22, 2008	8,961	35,844	33.30	—	—	February 22, 2018
February 20, 2009	—	52,000	24.710	—	431,080	February 20, 2019
<b>Totals</b>	<b>154,721</b>	<b>127,784</b>		<b>367,210</b>	<b>461,080</b>	

The total value of Shares and exercisable Options held by Mr. Miller as at December 31, 2009, based on the closing trading price on the Toronto Stock Exchange that day of \$33.00, was \$450,272.

Edward R. 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 10, 2000	2,420	—	29.752	7,860	—	February 10, 2010
January 4, 2001	2,420	—	21.074	28,860	—	January 4, 2011
February 19, 2002	18,150	—	33.471	—	—	February 19, 2012
February 11, 2003	18,150	—	33.409	—	—	February 11, 2013
February 20, 2004	10,000	—	38.900	—	—	February 20, 2014
February 17, 2005	13,256	3,314	51.560	—	—	February 17, 2015
February 16, 2006	7,440	4,960	41.190	—	—	February 17, 2016
February 15, 2007	5,760	8,640	45.200	—	—	February 15, 2017
February 22, 2008	3,562	14,248	33.300	—	—	February 22, 2018
February 20, 2009	—	21,000	24.710	—	174,090	February 20, 2019
<b>Totals</b>	<b>81,158</b>	<b>52,162</b>		<b>36,720</b>	<b>174,090</b>	

The total value of Shares and exercisable Options held by Mr. Seraphim as at December 31, 2009, based on the closing trading price on the Toronto Stock Exchange that day of \$33.00, was \$36,720.

**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 the Company multiplied by the number of years of credited service with the Company. 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**

<b>Annual Compensation</b>	<b>Years of Service</b>						
	<b>15 Years</b>	<b>20 Years</b>	<b>25 Years</b>	<b>30 Years</b>	<b>35 Years</b>	<b>40 Years</b>	<b>45 Years</b>
\$400,000	\$120,000	\$160,000	\$200,000	\$240,000	\$280,000	\$320,000	\$360,000
\$500,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000
\$600,000	\$180,000	\$240,000	\$300,000	\$360,000	\$420,000	\$480,000	\$540,000
\$700,000	\$210,000	\$280,000	\$350,000	\$420,000	\$490,000	\$560,000	\$630,000
\$800,000	\$240,000	\$320,000	\$400,000	\$480,000	\$560,000	\$640,000	\$720,000
\$900,000	\$270,000	\$360,000	\$450,000	\$540,000	\$630,000	\$720,000	\$810,000
\$1,000,000	\$300,000	\$400,000	\$500,000	\$600,000	\$700,000	\$800,000	\$900,000
\$1,100,000	\$330,000	\$440,000	\$550,000	\$660,000	\$770,000	\$880,000	\$990,000
\$1,200,000	\$360,000	\$480,000	\$600,000	\$720,000	\$840,000	\$960,000	\$1,080,000
\$1,300,000	\$390,000	\$520,000	\$650,000	\$780,000	\$910,000	\$1,040,000	\$1,170,000
\$1,400,000	\$420,000	\$560,000	\$700,000	\$840,000	\$980,000	\$1,120,000	\$1,260,000
\$1,500,000	\$450,000	\$600,000	\$750,000	\$900,000	\$1,050,000	\$1,200,000	\$1,350,000

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 as at December 31, 2009:

Name	Number of years credited service (#)	Annual benefits payable <sup>(1)</sup> (\$)		Accrued obligation at start of year <sup>(2)</sup> (\$)	Compensatory change (\$) <sup>(3)</sup>	Non-compensatory change <sup>(4)</sup> (\$)	Accrued obligation at year end <sup>(2)</sup> (\$)
		At year end	At age 65				
Henry H. Ketcham	36.0	800,500	909,700	6,137,700	88,700	897,600	7,124,000
D. Wayne Clogg	29.6	238,600	313,300	1,822,400	(59,700)	322,000	2,084,700
Raymond W. Ferris	8.3	38,400	119,400	254,900	96,700	70,400	422,000
Larry S. Hughes	2.3	14,200	53,900	68,200	54,800	18,500	141,500
Gerald J. Miller	23.9	262,000	378,000	1,861,400	(67,800)	393,200	2,186,800
Edward R. Seraphim	12.3	89,100	197,300	537,600	1,300	138,800	677,700

- (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, 2009. The annual pension payable at year end is based on actual credited service at December 31, 2009. The annual pension at age 65 is based on credited service projected to age 65.
- (2) The accrued obligation 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:

Henry H. Ketcham	42 years
D. Wayne Clogg	39 years
Raymond W. Ferris	26 years
Larry S. Hughes	9 years
Gerald J. Miller	35 years
Edward R. Seraphim	27 years

### Change of Control Agreement

The Company has entered into a change of control agreement with Larry Hughes, a Named Executive Officer.

The agreement provides that, if, during a period commencing on a change in control of the Company and ending 12 months later, Mr. Hughes' employment is terminated or he is constructively dismissed, he will be entitled to a severance payment equal to twice 140% of his annual salary. Payment may be made by a lump sum or in 24 equal monthly instalments.

For the purposes of this agreement, a "change in control" is defined as an acquisition by a person or group of persons of more than 50% of the Company's outstanding Common shares, a change in a majority of the Board of Directors or a business combination involving the Company other than a transaction approved by Incumbent Directors (as defined in the agreement).

Assuming that a change in control and the termination or constructive termination of employment of Mr. Hughes occurred on December 31, 2009, Mr. Hughes' entitlement would be 2 x 140% of \$309,000 or \$865,200. Mr. Hughes would also be entitled to receive basic and extended health, dental, disability and life insurance benefits for a two-year period which have an estimated annual value of \$18,500. In addition, Mr. Hughes would be entitled to receive approximately \$152,000 value of additional pension entitlement.

### Directors' Compensation and Holdings

For a description of retainers and fees payable to Directors, actual compensation paid during 2009 and securities held by Directors, see "Director Compensation" beginning on page 10.

### Indebtedness of Directors, Officers and Employees

#### Aggregate Indebtedness

The following table sets out the aggregate indebtedness outstanding to the Company from employees and former employees of the Company or any of its subsidiaries as at March 1, 2010. There was no outstanding indebtedness to the Company from any Directors or officers, or former Directors or officers of the Company or any of its subsidiaries as at March 1, 2010.

AGGREGATE INDEBTEDNESS		
Purpose	To the Company or its Subsidiaries	To Another Entity
Share purchases	Nil	Nil
Other	\$836,251	Nil

### Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information with respect to securities authorized for issuance by the Company under equity compensation plans that permit issuance from treasury as at March 1, 2010.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by Shareholders	3,128,109	35.28	682,893
Equity compensation plans not approved by Shareholders	N/A	N/A	N/A
<b>Total</b>	3,128,109	35.28	682,893

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

There were no loans outstanding from the Company to any Directors or officers as at March 1, 2010.

**ADDITIONAL INFORMATION**

Additional information (including financial information) relating to the Company can be found in our Annual Report for the year ended December 31, 2009, which includes the Company's Annual Information Form and the Company's audited financial statements for the years ended December 31, 2009 and 2008 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 from the Corporate Secretary of the Company, Suite 501 – 858 Beatty Street, Vancouver, British Columbia, V6B 1C1 or by emailing to [shareholder@westfraser.com](mailto:shareholder@westfraser.com).

DATED at Vancouver, British Columbia, March 25, 2010.

**BY ORDER OF THE BOARD**



Henry H. Ketcham  
Chairman, President and  
Chief Executive Officer







