



# Annual Information Form

## Date

This Annual Information Form of West Fraser Timber Co. Ltd. (“West Fraser”, “we”, “us”, “our” or the “Company”) is dated as of March 14, 2016. Except as otherwise indicated, the information contained in it is as of December 31, 2015.

## Forward-looking Statements and Stock Dividend

This Annual Information Form, and the Annual Report of which it forms a part, contain historical information, descriptions of current circumstances and statements about potential future developments. The latter, which are forward-looking statements, are presented to provide reasonable guidance to the reader but their accuracy depends on a number of assumptions and is subject to various risks and uncertainties. Forward-looking statements are included under the headings “Fibre Supply – Mountain Pine Beetle (the projected outcome of the infestation) and Aboriginal Matters (the potential effect of aboriginal title or rights)” and “Capital Structure – Cash dividends” and “Risks and Uncertainties” in the 2015 Management’s Discussion & Analysis incorporated herein. Actual outcomes and results will depend on a number of factors that could affect the ability of the Company to execute its business plans, including the matters described in these sections and under “Risk Factors”, and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements which reflect management’s estimates, projections and views only as of the date hereof. The Company undertakes no obligation to publicly revise these statements to reflect subsequent events or changes in circumstances except as required by applicable securities laws.

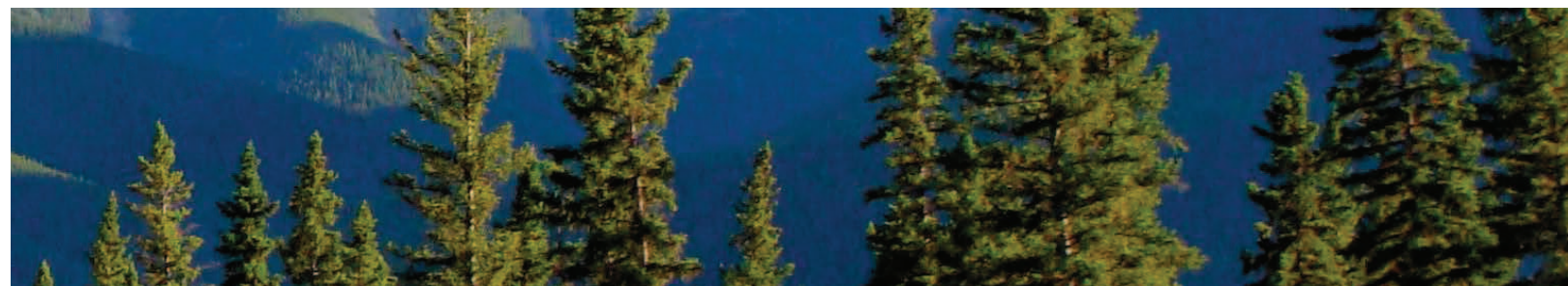
All references within this Annual Information Form to the number of West Fraser shares, share prices and cash dividends reflect the payment and adjustments resulting from a stock dividend, declared on December 10, 2013 and paid on January 13, 2014, applied retroactively to all comparative periods.

## Business Overview

We are a North American diversified wood products company which produces lumber (SPF and SYP), panels (plywood, MDF and LVL), pulp (NBSK and BCTMP), newsprint, wood chips and energy. We hold rights to timber resources that are sufficient to supply a significant amount of the fibre required by our Canadian operations and have long-term agreements for the supply of a considerable amount of the fibre required by our United States operations. We carry on our operations through subsidiaries and joint operations in British Columbia, Alberta and the southern United States. Our operations located in western Canada manufacture all of the products described above except SYP lumber. Our sawmills located in the southern U.S. produce SYP lumber and wood chips.

The annual production capacities of our wholly-owned facilities and our share of the capacities of our 50%-owned operations are as follows:

Lumber (MMfbm)	
SPF	4,000
SYP	2,300
Total	6,300
Panels	
Plywood (MMsf 3/8")	830
MDF (MMsf 3/4")	250
LVL (Mcf)	3,200
Pulp (Mtonnes)	
BCTMP	650
NBSK	570
Newsprint (Mtonnes)	135



**Corporate Strategy**

Our goal at West Fraser is to generate strong financial results through the business cycle, relying on our committed work force, the quality of our assets and our well-established corporate culture. This culture emphasizes cost control in all aspects of the business and internal and external competitiveness. In our approach to employee relations, we emphasize employee involvement and favour internal promotions whenever possible.

We are a diversified producer of wood products with access to extensive timber resources. Our Canadian lumber, plywood, LVL and veneer operations are directly or indirectly the primary source of raw material for our pulp & paper and MDF operations.

Acquisitions and expansions are considered with a view to extending our existing business lines, particularly in lumber operations, and to product and geographic diversification. Our earnings over the business cycle have enabled us to make significant and ongoing capital investments in our facilities with the goal of achieving, maintaining or improving an overall low-cost position.

We are committed to operating in a financially conservative and prudent manner. The North American wood products industry is cyclical and periodically faces very difficult market conditions and serious challenges. During such cyclical downturns, we focus on financial discipline, including reduction or deferral of non-essential capital expenditures. As market conditions improve we will typically undertake an expanded capital investment program in order to catch up on expenditures reduced or deferred during the downturn. We believe that maintaining a strong balance sheet provides the ability to react to growth opportunities and is a key tool in managing our operations through a business cycle.

**Corporate Structure**

The chart on page 6 shows the relationship of West Fraser to the principal direct and indirect subsidiaries and the joint operations in which we participate and, where less than 100%, the percentage of our direct or indirect ownership.

West Fraser assumed its present form in 1966 by the amalgamation of a group of companies under the laws of B.C. The principal operating subsidiary, West Fraser Mills Ltd., assumed its present form on January 1, 2005 by amalgamation under those laws. West Fraser, Inc. and West Fraser Wood Products Inc. are Delaware corporations, while Blue Ridge Lumber Inc., Manning Forest Products Ltd. and Sundre Forest Products Inc. are Alberta corporations. West Fraser Newsprint Ltd. subsists under the laws of Canada. Alberta Newsprint Company ("ANC") and Cariboo Pulp & Paper Company are unincorporated 50%-owned operations governed, respectively, by the laws of Alberta and B.C.

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

**History and Development of Business**

West Fraser originated in 1955 when three brothers, Pete, Bill and Sam Ketcham, acquired a lumber planing mill located in Quesnel, B.C. ("Quesnel"). From 1955 through 2014 the business expanded through the acquisition of a number of sawmills and related timber harvesting rights and the acquisition or development of lumber, panel and pulp & paper businesses.

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

- |      |   |
|------|---|
| 2012 | <ul style="list-style-type: none"> <li>• Acquired a sawmill at Edson, Alberta.</li> <li>• Completed a biomass electricity turbogeneration project at our 50%-owned Cariboo pulp mill with excess electricity sold to the public utility under a long-term contract.</li> </ul>  |
| 2014 | <ul style="list-style-type: none"> <li>• Acquired two sawmills in Arkansas and one in High Prairie, Alberta.</li> <li>• Permanently closed our Houston, B.C., Slave Lake, Alberta and Folkston, Georgia sawmills.</li> <li>• Capital investment sets new annual record at \$410 million.</li> </ul>   |
| 2015 | <ul style="list-style-type: none"> <li>• Acquired a sawmill in Manning, Alberta.</li> <li>• Completed co-generation projects at two of our sawmills to generate electricity from wood waste to be sold under long-term contracts.</li> <li>• Completed biogas-electricity generation project at our Slave Lake, Alberta pulp mill. First electricity generated January 2016.</li> </ul> |

**Sales** (\$ millions)

Year ended December 31	2015	2014	2013	2012	2011
<b>Lumber</b>	<b>2,764</b>	2,622	2,315	1,855	1,670
<b>Panels</b>	<b>554</b>	526	467	448	378
<b>Pulp &amp; Paper</b>	<b>900</b>	812	780	775	813
<b>Intracompany fibre sales</b>	<b>(118)</b>	(104)	(88)	(78)	(99)
<b>Total</b>	<b>4,100</b>	3,856	3,474	3,000	2,762

## Fibre Supply

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

In B.C. and Alberta substantially all timberlands are publicly owned and the right to harvest timber is acquired through provincially-granted licences. Licences grant the holder the right to harvest up to a specified quantity of timber annually and either have a term of 15 to 25 years and are replaceable or renewable or have a shorter term but are not replaceable or renewable. Government objectives in granting licenses include responsible management of timber, soils, wildlife, water and fish resources and the preservation of biodiversity and the protection of cultural values. The objectives also include achieving the fullest possible economic utilization of the forest resources and employment in local communities.

We do not own or manage any timberlands in the U.S.

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

Timber tenures in B.C. and Alberta require the holder to carry out reforestation to ensure re-establishment of the forest after harvesting. Reforestation projects are planned and supervised by our woodlands staff and are subject to approval by relevant government authorities. Our timber harvesting operations are carried out by independent contractors under the supervision of our woodlands staff.

The following table summarizes the timber tenures, as at December 31, 2015, which supply the Canadian mills that we own or in which we have an interest, as well as our AAC for such tenures.

### Timber Tenures (thousand m<sup>3</sup>)

Location	Tenure <sup>1</sup>	Expiry	AAC
<b>B.C.</b>	Coniferous Long-term	2021 – 2035	5,581
	Coniferous Short-term	2016 – 2017	542
<b>Alberta</b>	Coniferous Long-term	2016 – 2033	7,127
	Deciduous Long-term	2019 – 2033	1,222

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

### Log Supply

Annual log requirements for our Canadian sawmills, plywood facilities and LVL plant, all operating at the capacities described herein, would total approximately 15 million m<sup>3</sup>. Approximately 80% of these requirements can be obtained from the tenures described in the above table and the balance is typically acquired from third parties holding short or long-term timber harvesting rights, including independent logging contractors, aboriginal groups, communities and woodlot owners. We do not necessarily consume the maximum permitted volume of logs that may be harvested from our tenures annually but will adjust between tenure and purchase logs depending on circumstances including the availability of purchase logs.

Our U.S. operations, which produce SYP lumber, would consume approximately 10 million tons of logs per year if operating at the capacity described herein. Our U.S. operations as a whole have access to approximately 20% of their log requirements under certain long-term supply contracts, and the balance is purchased on the open market.

### Mountain Pine Beetle

The current mountain pine beetle infestation in the B.C. interior reached a peak a number of years ago in terms of the annual timber mortality rate according to information published by B.C.'s Ministry of Forests, Lands and Natural Resource Operations. To date, the Ministry estimates that 728 million m<sup>3</sup> of pine has been attacked and killed and that approximately 55% of the mature pine within the province's timber harvesting land base ("THLB") will be killed by 2021. Approximately 40% of B.C.'s standing timber inventory is within the THLB and approximately 29% of this is pine. When only considering the THLB of B.C.'s interior, approximately 37% is pine. The damage to the mature pine forests within our operating areas is significant.

We continue to focus on the salvage and processing of dead pine in order to utilize as much of the resource as possible and to ensure that affected sites are promptly reforested. The Province of B.C. increased the AAC on dead pine stands and limited the harvest of non-pine species until the salvage of dead pine stands comes to a conclusion. The AAC will be reduced to reflect lower mature inventories as dead pine stands are harvested or when they are no longer economic to harvest. The Province has reduced the AAC in the central Interior by approximately 19% in the past five years and we expect this process to continue over the next several years. To date, B.C.'s Chief Forester has announced reductions of the AAC in six of our operating areas in the Interior. Additional reductions in three of our interior operating areas are expected in 2016. As the timing of future reductions and the effect on our AACs will depend on a variety of factors, including the amount of non-pine species available for harvest, the full effect on our operations cannot reasonably be determined at this time.



In Alberta, the Minister and the forest industry continue to implement aggressive programs of early detection, single tree control and focussed harvesting activity. The mountain pine beetle infestation has declined significantly in the southern part of the Province but a significant population remains in the northwest and west-central areas, including some pockets within our tenures. Of particular concern is the growing infestation of mountain pine beetle in Jasper National Park, immediately west of our Hinton FMA. We, along with the Alberta government, are encouraging Parks Canada to develop effective control mechanisms. There is also still a risk of further in-flight of insects from northeastern B.C. We continue to work aggressively to reduce the number of susceptible pine stands and conduct spread control activities across the region in concert with other forest industry participants and the Province of Alberta.

#### *Forestry Certification*

We obtain external certification from a number of accredited standard-setting certification bodies which offer independent verification of the measures that we take to mitigate the effects of our activities on the environment.

All of the Canadian woodlands operations directly managed by us are independently certified by the Sustainable Forestry Initiative (“SFI”), an internationally-recognized sustainable forest management certification program. The woodlands are also certified to the International Organization for Standardization (ISO) 14001 Environmental Management System standard.

We also subscribe to the chain-of-custody certification Programme for Endorsement of Forest Certification (“PEFC”) standard for our Canadian-produced forest products. PEFC chain of custody assures customers that the fibre in the supply chain comes from sources that comply with applicable laws, regulations and sustainable resource standards. The standard also demonstrates avoidance of sourcing fibre from controversial sources.

PEFC is a global organization that provides a mutual recognition framework for national certification systems. PEFC recognizes more than 25 national certification systems, including SFI, and assures customers that differing systems provide a consistent level of sustainable forest management.

Our pulp operations and MDF mills are registered to the Forest Stewardship Council’s (“FSC”) Standard for Chain of Custody Certification and the Standard for Company Evaluation of FSC Controlled Wood. This standard independently verifies that these operations do not source fibre from wood harvested (i) illegally, (ii) in violation of traditional and civil rights, (iii) in forests where high conservation values are threatened by management activities, (iv) in forests being converted to plantations or non-forest use, (v) from forests in which genetically modified trees are planted, or (vi) in violation of any of the ILO Core Conventions, as defined in the ILO Declaration on Fundamental Principles and Rights at Work, 1988.

We do not own or manage any forestlands in the United States. However, our U.S. sawmills procure wood from a variety of sources normally within an approximate 70-mile radius of each mill and are certified under the SFI Fiber Sourcing Standard.

For more information concerning our sustainable and environmentally sound forest practices see our *Responsibility Report* at [www.westfraser.com](http://www.westfraser.com).

#### *Aboriginal Matters*

Our continued access to the forest resource in Canada could be adversely affected by right and title (or claims thereto) and treaties involving various aboriginal groups, including First Nations, Métis and others. The obligations of Canadian provincial governments to consult and accommodate aboriginal groups regarding asserted and established rights, as well as their obligations under existing treaties and ongoing treaty negotiations, could affect the issuance, validity, renewal and exercise and terms and conditions of Crown timber rights and authorizations to harvest, or the timeliness of obtaining such rights. If aboriginal title is proven over any of the lands where we have interests or rights, it could result in aboriginal ownership of the resources on title lands.

To date there has been only one court case finding aboriginal title in B.C. where aboriginal title was found to be held by the Tsilhqot’in Nation in respect of an area that is less than 0.2% of B.C., but where we do not hold cutting permits.

As the jurisprudence and government policies respecting aboriginal title and rights and the consultation process continue to evolve, we cannot at this time predict whether aboriginal claims will have a material adverse effect on our timber harvesting rights or on our ability to exercise, renew or transfer them, or secure other timber harvesting rights.

#### *Residual Fibre Supply*

In Canada substantially all our requirements for wood chips, shavings and sawdust and hog fuel are supplied from our own operations, either directly or indirectly through trades. This reduces our exposure to risks associated with price fluctuations and supply shortages of these products.

Our B.C. sawmills and plywood plants produce substantially all of the fibre requirements of our B.C. pulp operations and MDF plant. The Alberta MDF plant obtains its fibre from the adjacent Blue Ridge sawmill and other sawmills in the area. The Hinton pulp mill obtains its fibre from the adjacent Hinton sawmill and other sawmills in the area owned by us. At times we produce whole log chips at the Hinton facility to supplement the supply of residual chips from our various sawmills. Almost all of the fibre requirements of our newsprint mill are obtained from local sawmills, including the Slave Lake veneer operation, through log-for-chip trades using logs harvested from the newsprint mill’s tenures. The balance is obtained from direct fibre purchases. The Slave Lake deciduous FMA provides most of the fibre requirements of the Slave Lake pulp mill, with the balance being obtained from logs purchased from local suppliers.



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

### Capital Expenditures and Acquisitions

We regularly invest in upgrading and expanding our facilities and operations. However, during periods when earnings are weak, we will reduce capital and other expenditures in order to preserve liquidity. The following table shows the capital expenditures and acquisitions during the past five years.

#### Capital Expenditures and Acquisitions (\$ millions)

Year ended December 31	2015	2014	2013	2012	2011
<b>Lumber</b>	<b>172</b>	326	281	114	108
<b>Panels</b>	<b>5</b>	7	5	5	5
<b>Pulp &amp; Paper</b>	<b>32</b>	71	71	38	99
<b>Corporate &amp; Other</b>	<b>11</b>	6	1	2	1
	<b>220</b>	410	358	159	213
<b>Acquisitions</b>	<b>76</b>	208	—	30	—
<b>Total</b>	<b>296</b>	618	358	189	213

### Human Resources

At December 31, 2015, we employed approximately 7,900 individuals, including our share of those in 50%-owned operations. Of these, approximately 5,430 are employed in our lumber segment, 1,335 in our panels segment, 840 in our pulp & paper segment and 295 in our corporate segment. Approximately 34% of our employees are covered by collective agreements. In 2016, collective agreements covering approximately 287 employees will expire.

We provide ongoing safety training for our employees to minimize potential risks inherent in forestry related manufacturing industries. Our Health and Safety Policy and a description of external safety certifications obtained by us are described in our *Responsibility Report* on our website at [www.westfraser.com](http://www.westfraser.com).

### Markets

The markets for our products are highly competitive. Our products are sold in markets open to a number of companies with similar products and we compete with global producers. Our competitive position is affected by factors such as cost and availability of raw materials, energy and labour, the ability to maintain high operating rates and low per-unit manufacturing costs, and the quality of our final products. Some of our products may also compete with non-fibre based alternatives or with alternative products in certain market segments. Purchasing decisions by customers are generally based on price, quality and service. However, because commodity products such as ours have few distinguishing properties from producer to producer, competition for these products is based primarily on price. Prices and sales volumes are influenced by general economic conditions. The following table shows selected average benchmark prices for the past five years for products of the type we produced, although these prices do not necessarily reflect the prices we obtained.

#### Average Benchmark Prices (In US\$ except plywood)

	2015	2014	2013	2012	2011
<b>SPF #2 &amp; Better 2x4</b> (per Mfbm) <sup>1</sup>	<b>278</b>	349	356	299	255
<b>SPF #3 Utility</b> (per Mfbm) <sup>1</sup>	<b>209</b>	302	295	250	217
<b>SYP #2 West 2x4</b> (per Mfbm) <sup>2</sup>	<b>376</b>	427	414	348	279
<b>Plywood</b> (per Msf 3/8" basis) <sup>3</sup> Cdn\$	<b>430</b>	429	392	382	308
<b>NBSK</b> (per tonne) <sup>4</sup>	<b>972</b>	1,025	941	872	977
<b>NBSK – China</b> (per tonne) <sup>5</sup>	<b>644</b>	732	700	667	834
<b>Newsprint</b> (per tonne) <sup>6</sup>	<b>538</b>	604	608	640	640
<b>US\$/Cdn<sup>7</sup></b>	<b>0.782</b>	0.905	0.971	1.000	1.011

Sources: (refer to our 2015 Management's Discussion & Analysis for Canadian dollar equivalent prices of the products described herein)

1. Random Lengths – Net FOB mill.
2. Random Lengths – Net FOB mill Westside.
3. Crow's Market Report – Delivered Toronto.
4. Resource Information Systems, Inc. – U.S. list price, delivered U.S.
5. Resource Information Systems, Inc. – China list price, delivered China.
6. Resource Information Systems, Inc. – U.S. delivered 48.8 gram newsprint.
7. Bank of Canada.

### Research and Development

We support industry research and development organizations, and conduct research and development at several plants to improve processes, maximize resource utilization and develop new products and environmental applications. In addition, in the previous five years we have focused on projects in bio-energy generation and bio-products, including alternative uses for lignin recovered during the pulping process.

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

	2015	2014	2013	2012	2011
<b>Capacity</b> (year-end)					
B.C.	<b>2,400</b>	2,480	2,470	2,600	2,600
Alberta	<b>1,600</b>	1,420	1,330	1,200	1,100
U.S. South	<b>2,300</b>	2,300	2,000	2,000	2,000
<b>Total Capacity</b>	<b>6,300</b>	6,200	5,800	5,800	5,700
<b>Production</b>					
B.C.	<b>2,225</b>	2,282	2,477	2,461	2,497
Alberta	<b>1,374</b>	1,194	1,094	1,005	911
U.S. South	<b>2,008</b>	1,817	1,582	1,488	1,503
<b>Total Production</b>	<b>5,607</b>	5,293	5,153	4,954	4,911

Lumber capacity is generally based on our sawmills running on a five-day, two-shift basis with certain exceptions where logs may be available to run a third shift.

*Operations*

We operate 28 sawmills and a wood-treating facility at the Sundre sawmill.

*Sales*

Lumber produced at our Canadian sawmills and sold to North American customers is marketed and sold from our sales office in Quesnel, while sales to offshore markets are made from our export sales office in Vancouver, B.C. Offshore sales activities are complemented by a customer service office in Japan and sales support in China. Lumber produced at our U.S. sawmills is marketed by our sales group in Memphis, Tennessee. From time to time, we purchase lumber for resale in order to meet requirements of customers.

In 2015, sales of lumber from our Canadian and U.S. operations were made to customers in the U.S. and Canada and to customers offshore, predominantly in China and Japan. Most lumber shipments to North American customers by our Canadian operations were made by rail and the balance by truck. Most lumber shipments to North American customers by our U.S. operations were delivered by truck and the balance by rail. Offshore shipments from both Canada and the U.S. were made through various public terminals in bulk or container vessels.

**Panels****Capacity and Production**

	2015	2014	2013	2012	2011
<b>Plywood</b> (MMsf 3/8" basis)					
<b>Capacity</b> (year-end)	<b>830</b>	830	830	830	830
<b>Production</b>	<b>797</b>	771	781	793	780
<b>MDF</b> (MMsf 3/4" basis)					
<b>Capacity</b> (year-end)	<b>250</b>	300	300	300	300
<b>Production</b>	<b>220</b>	206	204	195	186
<b>LVL</b> (Mcf)					
<b>Capacity</b> (year-end)	<b>3,200</b>	3,200	3,200	3,200	3,200
<b>Production</b>	<b>1,627</b>	1,796	1,848	1,964	1,634

*Operations*

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

*Sales*

Plywood, LVL and MDF are marketed from our sales office in Quesnel to retail outlets, wholesale distributors, remanufacturers and treating businesses. MDF is marketed under the names "Ranger"<sup>TM</sup>, "WestPine"<sup>TM</sup>, "Eco-Gold"<sup>TM</sup> and "Ecopremium"<sup>TM</sup> both from our sales office and through distributors under the direction of our sales personnel.

In 2015 the majority of our sales of plywood were made to customers in Canada and the majority of our sales of MDF and LVL were to customers in the U.S. and Canada. Shipments to North America were by rail or truck and offshore shipments were by container vessels.

## Pulp & Paper

### Pulp

#### Capacity and Production (Mtonnes)

	2015	2014	2013	2012	2011
<b>BCTMP</b>					
<b>Capacity</b> (year-end)	<b>650</b>	650	650	650	640
<b>Production</b>	<b>645</b>	631	603	620	623
<b>NBSK</b>					
<b>Capacity</b> (year-end)	<b>570</b>	570	590	590	590
<b>Production</b> <sup>1</sup>	<b>497</b>	455	496	529	509

1. Reflects West Fraser's 50% ownership of the Cariboo pulp mill.

#### Operations

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

#### Sales

Pulp is marketed out of our pulp sales office in Vancouver. In 2015, sales of both NBSK and BCTMP were to customers in North America, Asia (predominantly China) and to other offshore customers. Shipments within North America were primarily by rail and those to offshore customers were by rail and truck to Vancouver and then by bulk or container vessels.

### Newsprint

#### Capacity and Production<sup>1</sup> (Mtonnes)

	2015	2014	2013	2012	2011
<b>Capacity</b> (year-end)	<b>135</b>	135	135	135	135
<b>Production</b>	<b>133</b>	132	119	128	122

1. Reflects West Fraser's 50% ownership.

#### Operations

Our 50%-owned newsprint mill at Whitecourt, Alberta produces standard newsprint in four basis weights: 40, 43, 45 and 48.8 grams per square metre.

#### Sales

Newsprint is sold to various publishers and printers in North America and delivered by rail and truck.

### External Factors Affecting West Fraser's Business in 2015

#### Economic Conditions

Our earnings are sensitive to changes in world economic conditions, primarily those in North America, Europe and Asia and particularly to the U.S. housing market. Most of our revenues are from sales of commodities for which prices are sensitive to variations in supply and demand. Since most of these sales are in U.S. dollars, exchange fluctuations of the U.S. dollar against the Canadian dollar is a major source of earnings volatility for us.

#### Softwood Lumber Agreement ("SLA")

Effective October 12, 2015, the SLA expired. This agreement, which had been in effect for nine years, was not extended or replaced. A "standstill period" is in effect for a period of one year from the date of expiry of the SLA during which the U.S. government and industry have committed to refrain from bringing trade action against Canadian producers. A new federal government was elected in Canada on October 19, 2015 and the new government has consulted with Canadian industry with a view to engaging the U.S. Trade Representative in discussion about a new agreement early in 2016.

A substantial portion of our products that are manufactured in Canada are exported for sale. Our financial results are dependent on continued access to the export markets and tariffs and other trade barriers that restrict or prevent access represent a continuing risk to us. The SLA has provided our Canadian lumber operations with continued access to the U.S. market and its expiry could result in the imposition of future trade barriers which could impair that access. National economic protectionist measures more commonly arise during periods of broad economic downturn and so a deterioration of global economic conditions could result in the adoption of additional trade barriers.



### *Energy*

Our pulp, paper and MDF operations consume substantial amounts of electricity. We have completed several projects to reduce our purchased energy dependence by utilizing woodwaste to produce heat and steam to dry our wood products or to utilize woodwaste or pulp mill by-products or effluent to generate electricity. Such projects include those at our Hinton and Cariboo pulp mills, which have generating facilities which produce electricity to satisfy most of their energy requirements and can contribute to earnings by selling any excess electricity. In addition, our Slave Lake pulp mill produces electricity for its own use from bio-gas.

Co-generation projects at our Fraser Lake and Chetwynd, B.C. sawmills produce electricity from woodwaste. The electricity is sold under long-term contracts.

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

In Alberta, we are hedged against electricity market price fluctuations for a substantial volume of our electricity consumption through two power purchase agreements, one that expires in 2017 and the other in 2020. These agreements provide electricity at prices based largely on generation costs and inflation which we sell into the Alberta electricity grid at prevailing market prices. We also operate a natural gas-fired peaking power price plant at our 50%-owned newsprint mill which provides an additional hedge for that mill against high prices of electricity. Our exposure to energy costs includes the cost to purchase electricity, natural gas, gasoline, diesel fuels, carbon taxes and fuel surcharges on purchased transportation.

### *Environment*

Our manufacturing operations are subject to environmental protection laws and regulations. We have developed and apply internal programs and policies to help ensure that our operations are in compliance with applicable laws and standards and to address any instances of non-compliance. We are committed to responsible stewardship of the environment and to the continual improvement of our forest practices and manufacturing procedures so we can optimize the use of resources and minimize the impact of our operations on the environment.

We have incurred, and will continue to incur, capital expenditures and operating costs to comply with environmental laws and regulations, which are not expected to have material financial or operational effects on us or our competitive position. We are required to carry out remediation activities, including site decommissioning, under applicable environmental protection laws and regulations. In addition, we are required to carry out reforestation activities under our various timber licenses. We maintain accruals in our financial statements for certain environmental, reforestation and decommissioning obligations.

We have adopted and follow an Environmental Policy, a copy of which is available on our website at [www.westfraser.com](http://www.westfraser.com). Additional information is available in our *Responsibility Report*, also available on our website at [www.westfraser.com](http://www.westfraser.com).

### **Risk Factors**

A detailed discussion of risk factors is included in "Management's Discussion & Analysis – Risks and Uncertainties", which is incorporated herein by reference. Our Management's Discussion & Analysis is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Capital Structure**

#### *Share Capital*

Our authorized share capital consists of 430,000,000 shares divided into:

- (a) 400,000,000 Common shares,
- (b) 20,000,000 Class B Common shares, and
- (c) 10,000,000 Preferred shares, issuable in series.

The Common shares and Class B Common shares are equal in all respects, including the right to dividends and the right to vote, except that each Class B Common share may at any time be exchanged for one Common share. The Common shares are listed and traded on the Toronto Stock Exchange under the symbol WFT while our Class B Common shares are not. Certain circumstances or corporate transactions may require the approval of the holders of our Common shares and Class B Common shares on a separate class by class basis.

In December 2013 we announced that a one Common share dividend would be paid in respect of each Common share and Class B Common share outstanding as at December 31, 2013, payable on January 13, 2014. This had the effect of a two-for-one share subdivision effective on January 13, 2014.

As at December 31, 2015, the issued share capital consisted of 80,175,079 Common shares and 2,281,478 Class B Common shares for a total of 82,456,557 shares (as at December 31, 2014 – 83,527,135 shares).



### Credit Ratings

As shown in the table below, West Fraser is rated by three rating agencies. West Fraser pays annual fees to maintain its debt and corporate ratings. The ratings are assigned both on a corporate level and specifically to our US\$300 million notes maturing October 2024. The ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by each rating agency.

### Ratings

Agency	Rating	Outlook
DBRS <sup>1</sup>	BBB(low)	Stable
Moody's <sup>2</sup>	Baa3	Stable
Standard & Poor's <sup>3</sup>	BBB-	Positive

1. DBRS credit ratings for long-term obligations range from AAA to D. A rating of BBB is described by DBRS as "adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events". Additional information on the rating is available on DBRS's website.
2. Moody's credit ratings for long-term obligations range from Aaa to C. Moody's describes obligations rated Baa as "subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics". Additional information on the rating is available on Moody's website.
3. S&P credit ratings for long-term obligations range from AAA to D. A rating of BBB- is described by S&P as "considered lowest investment grade by market participants". Additional information on the rating is available on S&P's website.

### Market Prices

The following table sets forth adjusted market prices and trading volumes of our Common shares on the Toronto Stock Exchange for each month of 2015 and 2014.

	2015				2014	
	High (\$)	Low (\$)	Close (\$)	Volume (000's)	Close (\$)	Volume (000's)
January	74.13	58.30	72.98	5,867	57.19	5,165
February	78.55	67.12	68.06	12,831	56.04	4,337
March	69.00	60.52	64.80	6,156	50.50	5,281
April	65.87	59.22	62.08	6,399	49.00	6,850
May	70.75	61.01	68.58	3,948	49.80	6,933
June	71.13	64.82	68.63	4,368	51.71	5,213
July	70.07	55.79	57.55	5,658	49.67	4,864
August	59.36	45.64	51.23	6,083	55.05	4,475
September	53.02	42.01	42.40	5,754	54.75	4,841
October	48.93	40.56	46.27	6,836	59.13	6,111
November	55.09	45.37	54.82	3,924	59.38	5,253
December	55.99	48.83	52.53	3,663	66.47	3,428
Total				71,487		62,751

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

### Cash dividends

The declaration and payment of cash dividends is within the discretion of our Board of Directors. Historically, cash dividends have been declared on a quarterly basis payable after the end of each quarter. On an annual basis, dividends of \$0.28 per share were paid in 2015, 2014 and 2013. There can be no assurance that cash dividends will continue to be declared and paid by us in the future, as the discretion of the Board of Directors will be exercised from time to time taking into account our current circumstances.

### Transfer Agent

Our transfer agent and registrar is CST Trust Company, with registers of transfers in Vancouver and Toronto.

**Experts**

Our auditors are PricewaterhouseCoopers LLP (“PwC”), who prepared the Auditor’s Report included with our Consolidated Financial Statements for the year ended December 31, 2015. PwC has confirmed that it is independent with respect to us, within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of B.C., as of February 11, 2016.

**Directors and Officers***Directors*

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

<b>Name and Municipality of Residence</b>	<b>Principal Occupation</b>	<b>Director Since</b>
<b>Henry H. Ketcham</b> Vancouver, B.C.	Executive Chairman	September 16, 1985
<b>Clark S. Binkley</b> <sup>1, 3 &amp; 4</sup> Portland, Oregon	Chief Investment Officer, GreenWood Resources, Inc. (a timberland investment management organization)	February 13, 1992
<b>J. Duncan Gibson</b> <sup>1, 3 &amp; 4</sup> Toronto, Ontario	Investor	April 29, 1997
<b>John K. Ketcham</b> <sup>3 &amp; 4</sup> Santa Monica, California	Real Estate Developer	April 28, 2015
<b>Harald H. Ludwig</b> <sup>2 &amp; 4</sup> West Vancouver, B.C.	President, Macluan Capital Corporation (diversified private equity investment company)	May 2, 1995
<b>Gerald J. Miller</b> <sup>3 &amp; 4</sup> Lake Country, B.C.	Corporate Director	April 19, 2012
<b>Robert L. Phillips</b> <sup>2, 4 &amp; 5</sup> West Vancouver, B.C.	Corporate Director	April 28, 2005
<b>Janice G. Rennie</b> <sup>1, 2 &amp; 4</sup> Edmonton, Alberta	Corporate Director	April 28, 2004
<b>Ted Seraphim</b> North Vancouver, B.C.	President and Chief Executive Officer	April 30, 2013

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

Each director has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years except for Henry H. Ketcham who before March 1, 2013 was our Chairman and Chief Executive Officer and before April 19, 2012 was also our President; Gerald J. Miller who before July 31, 2011, was our Executive Vice-President, Finance and Chief Financial Officer; Ted Seraphim who before March 1, 2013 was President and Chief Operating Officer, before April 19, 2012 was Executive Vice-President and Chief Operating Officer; and Clark Binkley who before July 31, 2012 was Managing Director of International Forestry Investment Advisors LLC. The term of office of each director will expire at the conclusion of the Company’s next annual general meeting.

<b>Name and Municipality of Residence</b>	<b>Office Held</b>
<b>Henry H. Ketcham</b> Vancouver, B.C.	Executive Chairman
<b>Ted Seraphim</b> North Vancouver, B.C.	President and Chief Executive Officer
<b>Raymond W. Ferris</b> Quesnel, B.C.	Executive Vice-President and Chief Operating Officer
<b>Brian A. Balkwill</b> Quesnel, B.C.	Vice-President, Canadian Lumber
<b>Keith D. Carter</b> Quesnel, B.C.	Vice-President, Pulp and Energy Operations
<b>Larry E. Gardner</b> Quesnel, B.C.	Vice-President, Canadian Woodlands
<b>James W. Gorman</b> Victoria, B.C.	Vice-President, Corporate and Government Relations
<b>Larry S. Hughes</b> Vancouver, B.C.	Vice-President, Finance, Chief Financial Officer and Secretary
<b>Rodger M. Hutchinson</b> West Vancouver, B.C.	Vice-President, Corporate Controller and Investor Relations
<b>Maureen F. Kuper</b> Burnaby, B.C.	Treasurer
<b>David P. Lehane</b> Quesnel, B.C.	Vice-President, Woodlands
<b>Christopher D. McIver</b> Quesnel, B.C.	Vice-President, Sales and Marketing
<b>Sean P. McLaren</b> Collierville, Tennessee	Vice-President, U.S. Lumber
<b>Peter A. Rippon</b> Quesnel, B.C.	Vice-President, Pulp and Energy
<b>Tom V. Theodorakis</b> Vancouver, B.C.	Assistant Secretary Partner, McMillan LLP (lawyers)
<b>Chuck H. Watkins</b> Memphis, Tennessee	Vice-President, U.S. Lumber Manufacturing
<b>Russell L. Wiggins</b> Quesnel, B.C.	Vice-President, Operations Controller

1. As of February 15, 2016

Each officer has held the same or a similar office with the organization indicated or a predecessor thereof for the last five years except for Henry H. Ketcham (see disclosure under “Directors”); Ted Seraphim (see disclosure under “Directors”); Raymond W. Ferris, who before February 15, 2016 was our Vice-President, Wood Products; Brian A. Balkwill, who before February 15, 2016 was our General Manager, Canadian Lumber, before December 1, 2014 was our General Manager, Engineered Wood and before April 1, 2012 was our General Manager of our Sundre sawmill; Keith D. Carter, who before February 15, 2016 was our General Manager, Pulp Operations, before September 1, 2015 was our Operations Manager, Mechanical Pulp and before February 1, 2014 was our General Manager, Quesnel River Pulp; Larry E. Gardner, who before February 15, 2016 was our General Manager, Canadian Woodlands and before December 1, 2014 was our Chief Forester, British Columbia; James W. Gorman, who before May 19, 2015 was President and Chief Executive Officer of the Council of Forest Industries and before September 16, 2013 served in a number of senior leadership roles with the Government of British Columbia; Larry S. Hughes, who before August 1, 2011 was our Senior Vice-President and Secretary; Rodger M. Hutchinson, who before February 13, 2014 was our Vice-President,



Corporate Controller; Christopher D. McIver, who before February 15, 2016 was our Vice-President, Lumber Sales and Corporate Development; Sean P. McLaren, who before February 15, 2016 was our Vice-President, U.S. Lumber Operations; Chuck H. Watkins, who before February 15, 2016 was our General Manager, U.S. Lumber Manufacturing, before August 18, 2015 was our Regional Manager, U.S. Lumber, before December 6, 2013 was our Engineering and Technical Manager, U.S. Lumber and before September 24, 2012 was Director of Operations at Rex Lumber Corporation; and Russell L. Wiggins, who before February 13, 2014 was our Operations Controller.

*Shareholdings of Directors and Officers*

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

	<b>December 31, 2015</b>	December 31, 2014
Common shares	<b>1,427,164</b>	1,784,034
% of total Common shares	<b>2%</b>	2%
Class B Common shares	<b>78,728</b>	78,728
% of total Class B Common shares	<b>3%</b>	3%
% of all shares outstanding	<b>2%</b>	2%

**Governance**

Corporate governance is guided by our Corporate Governance Policy, a copy of which may be viewed on our website: [www.westfraser.com](http://www.westfraser.com). The Board of Directors has established a Governance & Nominating Committee comprised of all non-management directors. The Committee provides support for the stewardship and governance role of the Board in reviewing and making recommendations on the composition of the Board, the functioning of the Board and its committees, succession planning and all other corporate governance matters and practices. On the occasion of each regularly-scheduled meeting of the Board in 2015, the Committee met without management representatives present and reviewed these and other issues.

The Corporate Governance Policy includes a Code of Conduct which sets out our policies and requirements relating to, among other categories, legal compliance, safety, environmental stewardship, human rights, anti-corruption and whistleblowing. Additional information is available on our website [www.westfraser.com](http://www.westfraser.com) under Corporate Governance.

**Audit Committee**

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

*Members*

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

*J. Duncan Gibson*

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

*Clark S. Binkley*

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

*Janice G. Rennie*

Mrs. Rennie, who holds a Bachelor of Commerce, is a Chartered Accountant. She was elected as Fellow of the Chartered Accountants in 1998. Mrs. Rennie has chaired or been a member of several audit committees of public companies in the past and currently is a member of the audit committees of Methanex Corporation, Major Drilling Group International Inc. and Westjet Airlines Ltd.

*Pre-Approval Policies and Procedures*

The Audit Committee has adopted a policy that sets out the pre-approval requirements related to services to be performed by our independent auditors. The policy provides that the Committee will annually review proposed audit, audit-related, tax and other services (to be submitted by the Chief Financial Officer and the independent auditor), and will provide general approval of described services, usually including specific maximum fee amounts.

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

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

	2015	2014
Audit Fees <sup>1</sup>	847	846
Audit-Related Fees <sup>2</sup>	164	180
Tax Fees	300	451
Other	60	—

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

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

**Material Contracts**

On October 15, 2014, we issued US\$300 million of fixed-rate senior unsecured notes due October 15, 2024 pursuant to a private placement in the U.S. The notes bear interest of 4.35% with semi-annual payments commencing on April 15, 2015 and are redeemable, in whole or in part, at our option at any time. In the event of a change in control in respect of the Company which is followed within 60 days by ratings downgrades to below investment grade in certain circumstances, unless we have exercised the right to redeem all of the notes, each holder will have the right to require us to repurchase all or any part of such holder's notes at a purchase price in cash equal to 101% of the principal amount of the notes plus any accrued and unpaid interest.

**Additional Information**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under equity compensation plans, is contained in the Information Circular for the annual general meeting of the Company to be held on April 19, 2016. Additional financial information is provided in our annual consolidated financial statements and Management's Discussion & Analysis for the year ended December 31, 2015.

Copies of our Annual Report, which includes this Annual Information Form and the documents incorporated by reference herein, our annual consolidated financial statements (including the auditor's report) for the year ended December 31, 2015, as well as the unaudited interim condensed consolidated financial statements prepared for a period after December 31, 2015, and our Information Circular may be obtained at any time upon request from us, but we may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

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





## Schedule 1

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

### *General Mandate*

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

### *Responsibilities*

The Committee will carry out the following responsibilities:

#### Financial Statements

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

#### Internal Control

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

#### Audit

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

#### Compliance

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

### Reporting Requirements

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

### Other Responsibilities

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

### Qualifications and Procedures

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