



Management's Discussion and Analysis

This discussion and analysis by West Fraser's management ("MD&A") of the Company's financial performance during the first quarter of 2015 should be read in conjunction with the unaudited condensed consolidated interim financial statements and accompanying notes ("Financial Statements") included in this quarterly report and the 2014 annual MD&A included in the Company's 2014 Annual Report. Dollar amounts are expressed in Canadian currency, unless otherwise indicated.

The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") except as otherwise disclosed.

All references within this MD&A to the number of West Fraser shares, share prices, earnings per share ("EPS"), options and other equity-based incentives 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 earlier comparative periods.

This MD&A contains historical information, descriptions of current circumstances and statements about potential future developments and anticipated financial results. 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 are subject to various risks and uncertainties. Forward-looking statements are included under the headings "Pulp & Paper Segment" (concerning expected slowdown of economic activity in Alberta) "Business Outlook" and "Operating Activities" (concerning reduction of inventories). Actual outcomes and results of these statements will depend on a number of factors including those matters described under "Risks and Uncertainties" in the 2014 annual MD&A, and may differ materially from those anticipated or projected. Accordingly, readers should exercise caution in relying upon forward-looking statements and we undertake no obligation to publicly revise them to reflect subsequent events or circumstances except as required by applicable securities laws.

Throughout this MD&A reference is made to Adjusted EBITDA, Adjusted earnings and Adjusted basic earnings per share and net debt to total capital ratio (collectively "these measures"), calculated as shown under the heading "Non-IFRS Measures" in this report. We believe that, in addition to earnings, these measures are useful performance indicators. None of these measures is a generally accepted earnings measure under IFRS and none has a standardized meaning prescribed by IFRS. Investors are cautioned that none of these measures should be considered as an alternative to earnings, earnings per share or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating any of these measures, our method of calculating each of them may differ from the methods used by other entities and, accordingly, our use of any of these measures may not be directly comparable to similarly titled measures used by other entities.

This MD&A uses the following terms that are defined in the Company's 2014 Annual Report: "SPF" (spruce-pine-fir lumber), "SYP" (southern yellow pine lumber), "MDF" (medium density fibreboard), "LVL" (laminated veneer lumber), "BCTMP" (bleached chemithermomechanical pulp) and "NBSK" (northern bleached softwood kraft pulp).

This MD&A includes references to benchmark prices over selected periods for products of the type produced by West Fraser. These benchmark prices do not necessarily reflect the prices obtained by West Fraser for those products during such period. The information in this interim MD&A is as at April 23, 2015 unless otherwise indicated.

Financial Comparisons

(\$millions)	Q1-15	Q4-14	Q1-14
Sales	1,014	964	809
Adjusted EBITDA	173	157	149
Equity-based compensation	(1)	(31)	(1)
Amortization	(47)	(43)	(42)
Operating earnings	125	83	106
Finance expense	(8)	(6)	(6)
Exchange loss on long-term debt	(32)	(12)	(13)
Fair value adjustment to Power Agreements	(30)	(2)	-
Other income	15	7	13
Tax provision	(21)	(27)	(28)
Earnings	49	43	72
Cdn\$1.00 converted to US\$ – average	0.8057	0.8803	0.9061

Selected Quarterly Information

(\$millions, except earnings per share (“EPS”) amounts which are in \$)

	Q1-15	Q4-14	Q3-14	Q2-14	Q1-14	Q4-13	Q3-13	Q2-13
Sales	1,014	964	1,030	1,053	809	833	878	900
Earnings	49	43	70	74	72	118	55	109
Basic EPS	0.58	0.51	0.83	0.87	0.84	1.37	0.64	1.27
Diluted EPS	0.53	0.51	0.83	0.87	0.79	1.37	0.64	1.12

Adjusted Earnings and Adjusted Basic Earnings Per Share

(\$millions except EPS amounts which are in \$)

	Q1-15	Q4-14	Q1-14
Earnings	49	43	72
Add:			
Equity-based compensation	1	31	1
Exchange loss on long-term debt	32	12	13
Fair value adjustment to Power Agreements	30	2	-
Net tax effect on the above adjustments	(12)	(3)	(2)
Adjusted earnings	100	85	84
Adjusted basic EPS ¹	1.19	1.02	0.97

1. Adjusted basic EPS is calculated by dividing Adjusted earnings by the basic weighted average shares outstanding.

Discussion & Analysis of Non-Operational Items

In the current quarter we generated earnings of \$49 million compared to earnings of \$43 million in the previous quarter and of \$72 million in the first quarter of 2014. For a description of operational results see “Discussion & Analysis by Product Segment” which follows this section. Our results include several significant non-operational items which are identified as adjustments in the table above this section and shown on page 14 of this MD&A under the heading “Non-IFRS Measures”. After taking into account these adjustments, we generated Adjusted earnings of \$100 million compared to Adjusted earnings of \$85 million in the previous quarter and \$84 million in the first quarter of 2014.

The change in the value of the Canadian dollar relative to the value of the U.S. dollar resulted in the revaluation of certain U.S. dollar-denominated liabilities and assets. A loss of \$32 million on U.S. dollar-denominated long-term debt for the quarter reflected the weakening of the Canadian dollar at the close of the quarter compared to the previous quarter. The currency translation of the remaining U.S. dollar-denominated monetary items for our Canadian operations resulted in a gain of \$17 million being recorded in other income compared to a gain of \$8 million in the prior quarter and \$8 million in the first quarter of 2014.

Effective October 1, 2014 we entered into a three-year electricity purchase agreement which, combined with our existing power purchase agreement (together the “Power Agreements”), provides us with a portion of the electricity generated from two power plants in Alberta at substantially predetermined prices. Our share of the electricity expected to be generated under these agreements and the electricity expected to be produced by our Alberta operations is estimated to be in excess of the electricity demands of our Alberta operations. This results in these Power Agreements being accounted for as derivative financial instruments from October 1, 2014 and the gain or loss on revaluation at each reporting date will be shown as non-operational income or expense.

Included in non-operational expenses in the quarter is a loss of \$30 million, reflecting the reduction in the estimated fair market value of the Power Agreements compared to a loss of \$2 million in the previous quarter. To assess fair value, we discount expected cash flows over the life of the agreements. Determining expected future cash flows involves significant estimates including projected electricity prices over the balance of the contract periods and projected costs of producing electricity from the power plants to which our contracts are tied. The most significant change for the quarter was a decrease in future electricity prices as published by NGX which reflects a decrease in the relevant price from \$50.41 per megawatt hour at December 31, 2014 to \$42.19 per megawatt hour at March 31, 2015, all as calculated over the life of the agreements. NGX is a recognized exchange and clearing agency in Alberta and a registered Derivatives Clearing Organization for electricity and natural gas contracts.

In the current quarter an expense of \$1 million was recorded related to equity-based compensation compared to \$31 million in the previous quarter and \$1 million in the first quarter of 2014. An expense is recorded on the issuance of share options or phantom or directors’ deferred share units and an additional expense or recovery is recorded each quarter based primarily on valuation models that consider various factors relating to outstanding options and units. The most significant of these factors is the change in the market value of our shares from

the beginning to the end of the particular period. The expense or recovery does not necessarily represent the actual value which will ultimately be received by the holders of options and units.

The results of the current quarter include a provision for income tax of \$21 million compared to \$27 million in the prior quarter and to \$28 million for the first quarter of 2014. Note 9 of the Financial Statements provides a reconciliation of income taxes calculated at the statutory rate to the income tax expense.

The funded position of our defined benefit pension plans and other retirement benefit plans, whether surplus or deficit, is estimated at the end of each quarter. The funded position, as shown in Note 6 of the Financial Statements, is determined by subtracting the value of plan assets from the value of plan obligations. A combination of a decrease in the discount rate used to calculate plan liabilities from the beginning of the current period and the rate of return on assets held that was higher than the discount rate resulted in an after-tax actuarial loss of \$45 million which was included in other comprehensive earnings.

Discussion & Analysis by Product Segment

Lumber Segment

	Q1-15	Q4-14	Q1-14
SPF (Mmfbm)			
Production	880	815	901
Shipments	813	852	661
SYP (Mmfbm)			
Production	473	472	386
Shipments	457	478	353
Sales (\$millions)			
Lumber	589	579	443
Wood chips and other residuals	67	59	53
Logs and other	25	25	28
	681	663	524
Adjusted EBITDA (\$millions)	117	121	107
Amortization (\$millions)	(33)	(31)	(28)
Operating earnings (\$millions)	84	90	79
Adjusted EBITDA margin (%)	17	18	20
Benchmark prices (per Mfbm)			
SPF #2 & Better 2x4 ¹ – US\$	309	340	367
SPF #3 Utility ¹ - US\$	262	289	340
SYP #2 West 2x4 ² – US\$	426	429	427
SPF #2 & Better 2x4 – Cdn\$ ³	384	386	405
SPF #3 Utility - Cdn\$ ³	325	328	375
SYP #2 West 2x4 – Cdn\$ ³	529	487	471

1. Source: Random Lengths – Net FOB mill.

2. Source: Random Lengths – Net FOB mill Westside.

3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

Despite a modest increase in sales revenues, operating earnings from our lumber segment declined by almost 7% compared to the previous quarter. The primary contributors to increased costs were transportation, which is mainly denominated in U.S. dollars, U.S. manufacturing costs and Canadian and U.S. log costs. The increase in transportation costs resulted in large part from the sharp decline in the value of the Canadian dollar compared to the U.S. dollar. The increase in U.S. manufacturing costs reflected adverse weather conditions and the startup of capital projects at some of our U.S. sawmills. Canadian log costs were only slightly higher than in the previous quarter, primarily the result of increased hauling costs.

Weather had a significant influence on lumber demand, particularly SPF, during the quarter. Severe winter conditions in eastern Canada and the U.S. and in some areas of the southern U.S. persisted for most of the quarter which adversely affected construction activities and resulted in weaker than anticipated demand for lumber. At the same time western Canada experienced a relatively mild winter which reduced transportation bottlenecks that had been experienced over the past several years. The result of weaker demand and improved delivery capabilities from western Canada created downward pressure on SPF prices during the quarter. However, as shown in the table above, the weakening of the Canadian dollar against the U.S. dollar largely offset the U.S. dollar benchmark price declines.

The 8% increase in Canadian lumber production compared to the previous quarter reflected additional operating days and the continued ramp-up in production at our 100 Mile House, B.C. sawmill following the completion of a major upgrade in the previous quarter.

Compared to the same quarter of 2014, sales revenues increased by nearly 30% and operating earnings improved by over 6%. This was mainly attributable to abnormally low shipments in the first quarter of 2014 due to weather-related rail car shortages and a truckers' strike at the port of Vancouver. The lower U.S. dollar SPF prices were substantially offset by the weaker Canadian dollar. Increased log and transportation costs resulted in lower margins in the current quarter compared to the same quarter of 2014. Canadian log costs were affected by increased logging and hauling costs and higher purchase wood costs while U.S. log costs moderately increased as well. Freight costs, largely denominated in U.S. dollars, increased as a result of the weakening Canadian dollar, partially offset by reduced fuel surcharges as the collapse in global oil prices worked its way through the system.

The segment experienced a modest decline in production at our Canadian sawmills compared to the first quarter of 2014. This reflected the closure of our Houston, B.C. sawmill in May of 2014, which was partially offset by production from our High Prairie sawmill (acquired after the first quarter of 2014) and full production at our Edson sawmill (restarted after a capital upgrade in the second quarter of 2014). The 23% increase in production from our U.S. sawmills was in large part attributable to the acquisition of two sawmills in Arkansas in March and April of 2014.

Panels Segment	Q1-15	Q4-14	Q1-14
Plywood (MMsf 3/8" basis)			
Production	198	194	186
Shipments	189	197	173
MDF (MMsf 3/4" basis)			
Production	54	49	51
Shipments	51	52	52
LVL (Mcf)			
Production	368	375	475
Shipments	355	398	367
Sales (\$millions)			
Finished products	126	130	107
Wood chips and other residuals	4	3	3
Logs and other	1	1	4
	131	134	114
Adjusted EBITDA (\$millions)	26	25	11
Amortization (\$millions)	(3)	(3)	(4)
Operating earnings (\$millions)	23	22	7
Adjusted EBITDA margin (%)	20	19	10
Benchmark prices			
Plywood (per Msf 3/8" basis) ¹ Cdn\$	444	453	392

1. Source: Crow's Market Report – Delivered Toronto.

Our panels segment is comprised of our plywood, MDF and LVL operations.

Despite a slight decline in sales revenues during the quarter compared to the fourth quarter of 2014, our panels segment produced improved operating earnings and margin. Plywood, which is the largest component of the segment, experienced reduced shipments and pricing as Canadian construction activities were constrained by weather in the east and oil and gas-related uncertainties in the west. The main contributor to the quarter over quarter improvement was our MDF business as Canadian dollar MDF prices improved as a result of the weaker Canadian dollar.

Our plywood and MDF mills ran well during the quarter and costs remained relatively flat compared to the previous quarter. Our LVL mill continues to run on a curtailed basis as demand continues to be weak.

The substantial improvement in results compared to the first quarter of 2014 reflects improved plywood and MDF prices, including the effect of the weaker Canadian dollar on MDF prices, as well as a 9% increase in plywood shipments.

Pulp & Paper Segment

	Q1-15	Q4-14	Q1-14
BCTMP (Mtonnes)			
Production	158	156	163
Shipments	170	147	130
NBSK (Mtonnes)			
Production	121	110	127
Shipments	118	105	114
Newsprint (Mtonnes)			
Production	34	33	33
Shipments	31	30	32
Sales (\$millions)	230	192	195
Adjusted EBITDA (\$millions)	30	12	32
Amortization (\$millions)	(10)	(9)	(10)
Operating earnings (\$millions)	20	3	22
Adjusted EBITDA margin (%)	9	6	16
Benchmark price (per tonne)			
NBSK – US\$ ¹	995	1,025	1,017
Newsprint – US\$ ²	580	600	605
NBSK – Cdn\$ ³	1,235	1,164	1,122
Newsprint – Cdn\$ ³	720	682	668

1. Source: Resource Information Systems, Inc. – U.S. list price delivered U.S.

2. Source: Resource Information Systems, Inc. – delivered 48.8 gram newsprint.

3. Calculated by applying the average Canadian/U.S. dollar exchange rate for the period to the U.S. dollar benchmark price.

The pulp & paper segment is comprised of our NBSK, BCTMP and newsprint businesses.

The segment achieved a significant improvement in sales revenues, operating earnings and margin compared to the previous quarter but operating earnings and margin fell short of those achieved in the first quarter of 2014. Compared to the fourth quarter of 2014, the segment's improved results reflected increased shipments of BCTMP as a bottleneck at the port of Vancouver caused by strikes at several U.S. west coast ports was alleviated, and by increased NBSK shipments as our Hinton pulp mill achieved improved production. As shown in the above table, the weakening Canadian dollar more than offset a decline in U.S. dollar benchmark prices, which further contributed to the quarter over quarter improvement.

In terms of comparative costs, the segment experienced increases in chip costs which are tied to Canadian dollar NBSK prices, and increases in freight costs which are mainly priced in U.S. dollars. However, these increases were more than offset by improved production at our Hinton pulp mill compared to the previous quarter, which had the effect of reducing maintenance and downtime-related expenses. Production reliability at our Hinton pulp mill has improved although the mill is still not achieving all of our targets and we continue to dedicate substantial management resources focused on continuing to achieve progress at the mill.

The segment also benefitted from lower energy costs as it experienced declining electricity prices in Alberta and natural gas prices in Alberta and B.C. The decline in Alberta electricity prices was the result of a number of factors including mild weather, the recent commissioning of a large natural gas electricity generation plant and the expected slowdown in economic activity in Alberta triggered by the sharp decline in global oil prices.

Despite a significant increase in sales revenues in the current quarter compared to the first quarter of 2014, operating earnings were slightly lower. Higher chip costs were a contributor but higher chemical usage and maintenance costs at our Hinton mill were also factors. Operational reliability issues at that mill, while much improved from the previous quarter, resulted in reduced production in the current quarter compared to the first quarter of 2014. The segment also experienced a significant decline in energy revenues related to the sale of electricity in Alberta under our power purchase agreement. The decrease in this revenue, which is normally included as an offset to electricity expense, had the effect of increasing costs for the segment.

Business Outlook

For a detailed description of our business outlook for 2015 see our 2014 annual MD&A under “Business Outlook”, which is included in our 2014 Annual Report.

Weather and the relative weakness of the Canadian dollar against the U.S. dollar were dominant issues in the first quarter of 2015 and we expect them to be key themes in the second quarter and during the balance of 2015. As the weather improves in eastern Canada and U.S. we expect that building activity will increase and with it an improvement in demand for our lumber and panel products. We believe that this will result in gradually increasing lumber and panel prices. Softwood Lumber Agreement (“SLA”) duties, which had been applied to Canadian lumber exported to the U.S. in 77 of the past 102 months, will once again be applied starting in April of 2015. Duties are triggered once a prescribed composite benchmark lumber price falls below certain prescribed levels and that price has fallen to a level that will result in a 5% duty on lumber exported from B.C. and likely 7.5% on lumber exported from Alberta for each of the months of April and May 2015. If demand for lumber improves over the balance of 2015 as we expect it to, improving lumber prices should result in the elimination of SLA duties but the timing of such improvement is uncertain.

The SLA expires in October of 2015. Because the SLA is an agreement between the governments of Canada and the U.S., the implementation of either an extension or replacement of the current SLA involves a number of time-sensitive procedures. As a result, as the period leading up to the SLA’s expiry narrows, the likelihood of an extension or replacement occurring is reduced. The current SLA provides that no trade sanctions may be filed or initiated, and if initiated would be dismissed, with respect to the importation of softwood lumber from Canada to the U.S. for the twelve month period following its expiry.

We expect NBSK markets to be fairly stable in the near term but prices may begin to experience downward pressure as there is new hardwood pulp capacity expected to be commissioned as early as the third quarter of 2015. We expect that BCTMP markets will weaken as a result of reduced demand from China and additional global production.

We have three major energy projects nearing completion. We expect that the Chetwynd and Fraser Lake green energy projects and the Slave Lake biomethanation project to be fully commissioned and operational by midyear 2015.

As at the end of the first quarter of 2015 we had drawn \$159 million on our committed revolving credit facility (\$106 million as at December 31, 2014 and \$61 million as at March 31, 2014). We expect that in the absence of acquisitions, share buybacks or other allocations of capital the amount drawn on the line will be reduced during the second quarter as we consume Canadian log inventories that have been built during the last two quarters.

Capital Structure and Liquidity

Our capital structure consists of Common share equity and long-term debt. In addition, we maintain a \$500 million committed revolving credit facility, two demand letter of credit facilities totalling \$75 million and an \$8 million revolving line of credit available to our 50%-owned newsprint operation. These facilities are available to meet our funding requirements.

The outstanding Common share equity consists of 81,248,026 Common shares and 2,281,478 Class B Common shares for a total of 83,529,504 shares issued and outstanding as at April 23, 2015.

Each Class B Common share may at any time be exchanged for one Common share. The rights attached to the Common shares and Class B Common shares are equal in all other respects, including the right to dividends and the right to vote. 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.

As of April 23, 2015 there were 2,309,861 share purchase options outstanding with exercise prices ranging from \$12.36 to \$73.99 per Common share.

On March 31, 2015, \$159 million was owed under our credit facilities. Letters of credit in the amount of \$55 million were supported by our facilities, leaving \$369 million of credit available for further use.

Our cash requirements, other than for operating purposes, are primarily for interest payments, repayment of debt, additions to property, plant, equipment and timber, acquisitions and payment of dividends. In normal business cycles and in years without a major acquisition or debt repayment, cash on hand and cash provided by operations have normally been sufficient to meet these requirements.

Summary of Financial Position (\$millions, except as otherwise indicated)

	Q1-15	Q4-14	Q1-14
Cash ¹	8	21	34
Current assets	1,029	907	1,053
Current liabilities ²	626	616	858
Ratio of current assets to current liabilities ²	1.6	1.5	1.2
Net debt ³	534	472	364
Shareholders' equity	2,078	2,029	2,026
Net debt to total capital ⁴	20%	19%	15%

1. Cash consists of cash and short-term investments less cheques issued in excess of funds on deposit.

2. Q1-14 includes US\$300 million of long-term debt due in October 2014.

3. Total debt less deferred financing costs less cash.

4. Non-IFRS measure. See "Non-IFRS Measures".

As shown in the table below, we are rated by three leading rating agencies. All three ratings are considered investment-grade.

Debt Ratings

Agency	Rating	Outlook
Dominion Bond Rating Service	BBB(low)	Stable
Moody's	Baa3	Stable
Standard & Poor's	BBB-	Stable

These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agencies.

Selected Cash Flow Items (\$millions)	Q1-15	Q4-14	Q1-14
Operating Activities			
Earnings	49	43	72
Amortization	47	43	42
Fair value adjustment to Power Agreements	30	2	-
Change in income tax	(21)	13	(9)
Contributions to benefit plans in excess of expense	10	(14)	7
Change in inventories	(57)	(60)	(165)
Other	(12)	14	14
Cash provided by (used in) operating activities	46	41	(39)
Financing Activities			
Repayment of long-term debt	-	(339)	-
Proceeds from long-term debt	-	339	-
Proceeds from operating loan	49	61	61
Financing expense paid	(2)	(10)	(1)
Common share repurchases	-	(18)	-
Dividends and other	(6)	(9)	(6)
Cash provided by financing activities	41	24	54
Investing Activities			
Acquisition	-	(5)	(60)
Additions to capital assets	(69)	(89)	(93)
Other	-	4	8
Cash used in investing activities	(69)	(90)	(145)
Increase (decrease) in cash	18	(25)	(130)

Operating Activities

Cash used in operating activities during the first quarter of each year generally increases as logging activity in Canada increases during the winter season and log inventories are built to sustain production activities during the second quarter. The significant change in inventories in the first quarter of 2014 was caused by a buildup of finished inventory, the result of a truckers' strike at the port of Vancouver. Following a normal cycle, cash is generated during the second quarter as logging is curtailed and the log inventory is consumed in operations.

Investing Activities

Cash flows used for investing activities in the quarter amounted to \$69 million. Additions to capital assets included \$55 million for the lumber segment, \$1 million for the panels segment, \$10 million for the pulp & paper segment and \$3 million for our corporate segment.

Non-IFRS Measures

The following summarizes the non-IFRS measures we use in this MD&A. None of these measures is a generally accepted measure under IFRS and none has a standardized meaning prescribed by IFRS. Investors are cautioned that none of these measures should be considered as an alternative to earnings, earnings per share or cash flow, as determined in accordance with IFRS. As there is no standardized method of calculating any of these measures, our method of calculating each of them may differ from the methods used by other entities and, accordingly, our use of any of these measures may not be directly comparable to similarly titled measures used by other entities.

Adjusted EBITDA
(\$millions)

	Q1-15	Q4-14	Q1-14
Earnings	49	43	72
Add:			
Amortization	47	43	42
Finance expense	8	6	6
Tax provision	21	27	28
EBITDA	125	119	148
Add:			
Equity-based compensation	1	31	1
Exchange loss on long-term debt	32	12	13
Fair value adjustment to Power Agreements	30	2	1
Other income	(15)	(7)	(13)
Adjusted EBITDA	173	157	149

Adjusted EBITDA by Segment
(\$millions)

	Q1-15	Q4-14	Q1-14
Lumber			
Earnings before tax	87	90	83
Add:			
Amortization	33	31	28
Finance expense	5	4	4
EBITDA	125	125	115
Add:			
Fair value adjustment to Power Agreements	1	-	-
Other income	(9)	(4)	(8)
Adjusted EBITDA	117	121	107
Panels			
Earnings before tax	19	21	7
Add:			
Amortization	3	3	4
Finance expense	1	1	-
EBITDA	23	25	11
Add:			
Fair value adjustment to Power Agreements	3	-	-
Adjusted EBITDA	26	25	11
Pulp & Paper			
Earnings before tax	(2)	3	25
Add:			
Amortization	10	9	10
Finance expense	2	1	2
EBITDA	10	13	37
Add:			
Fair value adjustment to Power Agreements	26	2	-
Other income	(6)	(3)	(5)
Adjusted EBITDA	30	12	32
Corporate and Other			
Earnings before tax	(34)	(44)	(15)
Add:			
Amortization	1	-	-
Finance expense	-	-	-
EBITDA	(33)	(44)	(15)
Add:			
Equity-based compensation	1	31	1
Exchange loss on long-term debt	32	12	13
Adjusted EBITDA	-	(1)	(1)
Total Adjusted EBITDA	173	157	149

Adjusted Earnings and Adjusted Basic Earnings Per Share

(\$millions except EPS amounts which are in \$)

	Q1-15	Q4-14	Q1-14
Earnings	49	43	72
Add:			
Equity-based compensation	1	31	1
Exchange loss on long-term debt	32	12	13
Fair value adjustment to Power Agreements	30	2	-
Net tax effect on the above adjustments	(12)	(3)	(2)
Adjusted earnings	100	85	84
Adjusted basic EPS ¹	1.19	1.02	0.97

1. Adjusted basic EPS is calculated by dividing Adjusted earnings by the basic weighted average shares outstanding.

Net Debt to Total Capital Ratio

(\$millions except where indicated)

	Q1-15	Q4-14	Q1-14
Net debt			
Cash and short-term investments	(12)	(21)	(49)
Deferred financing costs ¹	(8)	(8)	(5)
Cheques issued in excess of funds on deposit	4	36	15
Operating loan	159	106	61
Long-term debt	391	359	342
	534	472	364
Shareholders' equity	2,078	2,029	2,026
Total capital	2,612	2,501	2,390
Net debt to total capital	20%	19%	15%

1. For our balance sheet presentation, these costs are applied to reduce the associated debt or, in instances when the operating loan is undrawn, these costs are included in other assets.

Risks and Uncertainties

For a review of the risks and uncertainties to which our Company is subject, see the 2014 annual MD&A which is included in our 2014 Annual Report.

Significant Management Judgments Affecting Financial Results

For a review of significant management judgments affecting financial results and critical accounting estimates, see the 2014 annual MD&A which is included in our 2014 Annual Report.

Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Our management, including the President and Chief Executive Officer and the Vice-President, Finance and Chief Financial Officer, acknowledge responsibility for the design of disclosure controls and procedures and internal controls over financial reporting.

There has been no change in our internal controls over financial reporting during the three months ended March 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Additional Information

Additional information relating to our Company, including our Company's Annual Information Form, is available on SEDAR at www.sedar.com.