



# ANNUAL INFORMATION FORM

## Date

This Annual Information Form of West Fraser Timber Co. Ltd. (“West Fraser” or the “Company”) is dated as of April 2, 2013. Except as otherwise indicated, the information contained in it is as of December 31, 2012.

## Business Overview

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

The annual production capacities of our wholly-owned facilities and our share of the capacities of our joint venture facilities are as follows:

Lumber (MMfbm)	
SPF	3,800
SYP	2,000
Total	5,800
Panels	
Plywood (MMsf <sup>3</sup> / <sub>8</sub> ”)	830
MDF (MMsf <sup>3</sup> / <sub>4</sub> ”)	300
LVL (Mcf)	3,200
Pulp (Mtonnes)	
BCTMP	650
NBSK	590
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 on competitiveness, both internally and externally. In our approach to employee relations, we emphasize employee involvement and favour internal promotions whenever possible.

West Fraser is an integrated and diversified producer of wood products with access to extensive timber resources. Acquisitions and expansions are considered with a view to extending 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 to maintain and improve our 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 over the last several years has faced 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. We believe that maintaining a strong balance sheet provides the ability to react to growth opportunities.

## Corporate Structure

The chart on page 7 shows the relationship of West Fraser to the principal direct and indirect subsidiaries and the joint ventures in which we participate and, where less than 100%, the percentage of our direct or indirect ownership.

## Forward-looking Statements

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

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. is a Delaware corporation, while Blue Ridge Lumber Inc. and Sundre Forest Products Inc. are Alberta corporations. West Fraser Newsprint Ltd. subsists under the laws of Canada. Alberta Newsprint Company (“ANC”) and Cariboo Pulp & Paper Company are unincorporated joint ventures governed, respectively, by the laws of Alberta and B.C.

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 2012 the business expanded in western Canada through the acquisition of a number of sawmills and related timber harvesting rights and the acquisition or development of lumber, panel and pulp & paper businesses. Expansion into the southern U.S. began in 2000, with the acquisition of two sawmills. An additional 13 sawmills located in the southern U.S. were acquired in 2007.

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

2010	Closure of linerboard and kraft paper mill at Kitimat, B.C. in January 2010.
2011	Sale of Kitimat industrial site, deep-sea wharf and Terrace sawmill.
2012	Purchase of sawmill at Edson, Alberta.

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

Year ended December 31	2012	2011	2010	2009	2008
Lumber	1,783	1,579	1,622	1,285	1,645
Panels	442	370	401	391	428
Pulp & Paper	775	813	863	677	789
<b>Total</b>	<b>3,000</b>	<b>2,762</b>	<b>2,886</b>	<b>2,353</b>	<b>2,862</b>

1. From continuing operations and excludes intercompany fibre sales.

### 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.

#### Log Supply

Our U.S. operations, which produce SYP lumber, consume approximately 8 million tons of logs per year operating at capacities described in this Annual Information Form. These operations obtain approximately 26% of their log requirements under certain long-term supply contracts, with the balance being purchased on the open market.

In B.C. and Alberta substantially all timberlands are publicly owned and the right to harvest timber is acquired through provincially-granted licences. Licences grant the holder the right to harvest up to a specified quantity of timber annually and either have a term of 15 to 25 years and are replaceable or renewable or have a shorter term but are not replaceable or renewable. The following table summarizes the timber tenures, as at December 31, 2012, which supply the Canadian mills that we own or in which we have an interest, as well as our Annual Allowable Cut (“AAC”) for such tenures.

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

Location	Tenure <sup>1</sup>	Expiry	AAC
B.C.	Coniferous Long-term	2021 – 2035	5,493
	Coniferous Short-term	2013 – 2017	520
Alberta	Coniferous Long-term	2018 – 2029	6,018
	Deciduous Long-term	2021 – 2029	1,165

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

Annual log requirements for our Canadian sawmills, plywood facilities and LVL plant, all operating at the capacities described in this Annual Information Form, total approximately 14 million m<sup>3</sup>. Approximately 75% of these requirements can be obtained from the tenures described in the above table and the balance is acquired from third parties holding short or long-term timber harvesting rights, including independent logging contractors, First Nations, communities and woodlot owners.

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



Timber tenures in B.C. and Alberta require the holder to carry out reforestation to ensure re-establishment of the forest after harvesting. Reforestation requirements depend on climate, terrain, species and other factors affecting regeneration. Reforestation projects are planned and supervised by 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.

#### *Mountain Pine Beetle*

The current mountain pine beetle infestation in the B.C. interior reached a peak in terms of the annual timber mortality rate in 2004. To date, B.C.'s Ministry of Forests, Lands and Natural Resource Operations estimates that 710 million m<sup>3</sup> of pine has been attacked and killed and that approximately 58% of the mature pine within the province's timber harvesting land base will be killed by 2017. Although the ultimate effect of the infestation is less severe than originally forecasted, 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. has also 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 8% in the past two 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 three of our operating areas in the Interior. 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 Ministry of Environment and Sustainable Resource Development and the forest industry continue to implement aggressive programs of early detection, single tree control and focussed harvesting activity. Beetles have 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. There is still risk of further in-flight of insects from northwestern 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.

#### *Certification*

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

#### *First Nations Issues*

Issues relating to Canada's aboriginal people ("First Nations") have the potential to have a significant effect on resource industries in Canada, including wood products. The main First Nations issues that are relevant to our operations relate to aboriginal rights and title, and consultation.

The potential existence of aboriginal title and rights over substantial portions of B.C., including areas where our timber tenures are located, has created uncertainty with respect to property rights and natural resource development in the province. The Supreme Court of Canada (the "SCC") determined in 1997 that First Nations may possess rights in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with those rights. Very few areas of B.C. are the subject of such treaties, although all of Alberta is covered by treaties. This uncertainty in B.C. may be alleviated by the negotiation of treaties with First Nations and further judgments of the courts.

In 2004, the SCC confirmed that the Crown must consult with First Nations before authorizing activity that might infringe on their interests in certain circumstances and, when appropriate to do so, seek to accommodate those interests by minimizing interference with them. In 2005 the SCC determined that this Crown duty of consultation applies to treaty lands as well as non-treaty lands, so the duty of consultation applies to all of the lands in B.C. and Alberta where our timber tenures are located. Authorizations requiring consultation may include approval of cutting permits and required ministerial action relating to the transfer or renewal of Crown timber tenures. The process of consultation and, when appropriate, accommodation is currently not clearly defined, creating some uncertainty with respect to Crown timber harvesting rights held by wood products companies, including West Fraser.

We participate as requested by the Crown in the consultation process, but rely on provincial governments to adequately discharge obligations to First Nations in order to preserve the validity of actions dealing with public rights, including the granting of Crown timber harvesting rights. We also seek to develop good relationships with the First Nations that may be affected by our business activities.

However, 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 First Nations claims will have a material adverse effect on our timber harvesting rights or on our ability to exercise or renew 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. Our B.C. sawmills and plywood plants fulfill 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, including those owned by us. At times we produce whole log chips to supplement the supply of residual chips from our various sawmills. Almost all of the fibre requirements of ANC are obtained from local sawmills, including the Slave Lake sawmill and veneer operation, through log-for-chip trades using logs harvested from ANC's tenures. The balance is obtained from direct fibre purchases. The Slave Lake deciduous FMA provides most of the fibre requirements of the Slave Lake pulp mill, with the balance being obtained from logs purchased from local suppliers.

The majority of the wood chips produced by 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	2012	2011	2010	2009 <sup>2</sup>	2008 <sup>2</sup>
Lumber	109	108	47	10	27
Panels	4	5	2	1	1
Pulp & Paper <sup>1</sup>	35	99	39	7	17
Corporate & Other	2	1	1	1	2
	150	213	89	19	47
Acquisition	30	—	—	—	—
Total	180	213	89	19	47

1. Includes reimbursable expenditures under the Pulp and Paper Green Transformation Program.

2. Amounts for years prior to 2010 have not been restated under IFRS and are prepared under previous Canadian generally accepted accounting principles.

#### Human Resources

At December 31, 2012, we employed approximately 7,200 individuals, including our share of those in joint venture operations. Approximately 39% of our employees are covered by collective agreements. Certain agreements covering approximately 425 employees expired in 2012 and remain unresolved. In 2013, collective agreements covering approximately 1,600 employees will expire.

#### Markets

Our products are sold in markets open to a number of companies with similar products. Purchasing decisions by customers are generally based on price, quality and service. Prices and sales volumes are influenced by general economic conditions. 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)

Year ended December 31	2012	2011	2010	2009	2008
SPF 2x4 random length (per Mfbm) <sup>1</sup>	299	255	256	182	221
SYP #2 West 2x4 (per Mfbm) <sup>2</sup>	348	279	304	242	297
Plywood (per Msf <sup>3</sup> / <sub>8</sub> " basis) <sup>3</sup> Cdn\$	382	308	334	329	337
MDF (per Msf <sup>3</sup> / <sub>4</sub> " basis) <sup>4</sup>	566	546	536	489	530
Newsprint (per tonne) <sup>5</sup>	640	640	607	560	695
NBSK (per tonne) <sup>6</sup>	872	977	960	718	856

Sources:

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



# ANNUAL INFORMATION FORM (CONTINUED)

## 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.

## LUMBER

### Capacity and Production (both MMfbm)

	2012	2011	2010	2009	2008
Capacity – year-end	<b>5,800</b>	5,700	5,500	5,500	6,000
Production:					
B.C. Sawmills (SPF)					
Quesnel	<b>590</b>	582	529	485	474
Williams Lake	<b>244</b>	248	262	225	255
Smithers	<b>269</b>	277	276	263	246
Chetwynd	<b>242</b>	252	272	240	262
Fraser Lake	<b>373</b>	400	376	364	369
Chasm	<b>250</b>	244	230	155	282
Houston	<b>249</b>	261	257	173	265
100 Mile House	<b>244</b>	233	195	129	233
Other <sup>1</sup>	<b>—</b>	—	—	—	163
	<b>2,461</b>	2,497	2,397	2,034	2,549
Alberta Sawmills (SPF)					
Blue Ridge	<b>392</b>	360	378	357	342
Slave Lake	<b>18</b>	16	12	20	28
Hinton	<b>306</b>	272	257	204	209
Sundre	<b>277</b>	263	274	268	261
Edson <sup>3</sup>	<b>12</b>	—	—	—	—
	<b>1,005</b>	911	921	849	840
U.S. Sawmills (SYP)					
Joyce, LA	<b>177</b>	201	194	190	194
Huttig, AR	<b>132</b>	137	125	116	149
Henderson, TX	<b>118</b>	134	116	115	120
New Boston, TX	<b>153</b>	165	139	129	138
Leola, AR	<b>138</b>	121	115	85	78
Maplesville, AL	<b>100</b>	88	71	63	84
Opelika, AL	<b>87</b>	71	57	56	64
McDavid, FL <sup>2</sup>	<b>—</b>	—	—	—	76
Seaboard, NC	<b>128</b>	112	104	112	107
Armour, NC	<b>158</b>	174	177	170	160
Newberry, SC	<b>126</b>	123	105	95	110
Augusta, GA	<b>116</b>	108	106	100	100
Folkston, GA <sup>2</sup>	<b>—</b>	—	—	—	71
Whitehouse, FL	<b>55</b>	69	56	38	63
Other <sup>1</sup>	<b>—</b>	—	—	—	56
	<b>1,488</b>	1,503	1,365	1,269	1,570
<b>Total Production</b>	<b>4,954</b>	4,911	4,683	4,152	4,959

1. Includes production from mills shut or sold.

2. Indefinitely curtailed.

3. Purchased October 31, 2012.

Lumber capacity by region and species is approximately 66% SPF (68% B.C. and 32% Alberta) and 34% SYP (all U.S.).

### Operations

We own 27 sawmills of which 2 are currently indefinitely curtailed. We also have 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 customer service offices in Japan and China. Lumber produced at our U.S. sawmills is marketed by the sales group in Memphis, Tennessee. From time to time, we purchase lumber for resale in order to meet requirements of customers.

In 2012 sales of lumber from Canadian and U.S. operations were made to customers in the U.S. and Canada and to customers offshore, predominantly in China and Japan. Most lumber shipments to North American customers by the Canadian operations were made by rail and the rest by truck. Most lumber shipments to North American customers by the U.S. operations were delivered by truck and the rest by rail. Offshore shipments from both Canada and the U.S. were through various public terminals, mostly in container vessels and the rest by breakbulk carriers.

## PANELS

### Capacity and Production

	2012	2011	2010	2009	2008
Plywood (MMsf <sup>3</sup> / <sub>8</sub> " basis)					
Capacity – year-end	830	830	830	830	820
Production:					
Alberta Plywood	296	293	301	290	299
Williams Lake	250	250	250	237	267
Quesnel	247	237	240	218	248
Total Production	793	780	791	745	814
MDF (MMsf <sup>3</sup> / <sub>4</sub> " basis)					
Capacity – year-end	300	300	300	300	300
Production:					
Ranger Board	112	110	120	110	112
WestPine	83	76	72	85	112
Total Production	195	186	192	195	224
LVL (Mcf)					
Capacity – year-end	3,200	3,200	3,200	3,200	3,200
Production	1,964	1,634	1,918	1,643	1,264

### 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 and LVL 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> from our Edmonton, Alberta sales office and through distributors under the direction of our sales personnel.

In 2012 sales of plywood were made to customers in Canada, sales of MDF were to customers in the U.S., Canada and other areas and sales of LVL were to customers in the U.S. and Canada. Shipments to North America were by rail or truck and offshore shipments were by bulk and container vessels.

**PULP & PAPER****Pulp****Capacity and Production** (Mtonnes)

	2012	2011	2010	2009	2008
<b>BCTMP</b>					
Capacity – year-end	650	640	620	580	580
Production:					
QRP	398	392	367	298	354
Slave Lake Pulp	222	231	249	203	205
<b>Total Production</b>	<b>620</b>	623	616	501	559
<b>NBSK</b>					
Capacity – year-end	590	590	530	530	510
Production:					
Hinton	370	337	354	361	325
Cariboo <sup>1</sup>	159	172	171	162	158
<b>Total Production</b>	<b>529</b>	509	525	523	483

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

*Operations*

BCTMP is produced, primarily from hardwood aspen, at our Slave Lake pulp mill and also produced, primarily from softwood, at our Quesnel River pulp mill ("QRP"). 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 2012, sales of both NBSK and BCTMP were to customers in North America, Asia, predominantly China, and to other offshore customers. Shipments within North America were primarily by rail and those to offshore customers were by rail to Vancouver and then by bulk or container vessels.

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

	2012	2011	2010	2009	2008
Capacity – year-end	135	135	135	135	135
Production	128	122	131	111	125

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

*Operations*

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

*Sales*

Newsprint is sold to various publishers in North America through a partnership owned indirectly by the ANC owners. In 2012, sales were to customers in the U.S. and Canada. Shipments were by rail and truck.

**External Factors Affecting West Fraser's Business in 2012***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 foreign currencies, mainly U.S. dollars, currency exchange fluctuations against the Canadian dollar are a major source of earnings volatility for us.

### *Softwood Lumber Agreement*

Effective October 12, 2006 a Softwood Lumber Agreement between Canada and the U.S. (the "SLA 2006") came into force. The SLA 2006 originally had a term of seven years, but in January 2012 was extended and now expires in October 2015.

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

### *Energy*

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

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

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

### *Environment*

Our manufacturing operations are subject to environmental protection laws and regulations. We have developed internal programs to 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 the continual improvement of our forest practices and manufacturing procedures to optimize the use of resources and minimize the impact of our operations on the environment. We have adopted an Environmental Policy, a copy of which is 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 230,000,000 shares divided into:

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

The Common shares and Class B Common shares are equal in all respects, including the right to dividends 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. As at December 31, 2012, the issued share capital consisted of 40,281,242 Common shares and 2,581,478 Class B Common shares for a total of 42,862,720 shares (December 31, 2011 – 42,846,113 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. No rating changes occurred during 2012 but Standard & Poor's changed its Outlook from Positive to Stable in October and Dominion Bond Rating Service changed its Outlook from Stable to Positive in November. The ratings are assigned both on a corporate level and specifically to the US\$300 million 144A debentures maturing October 2014. At below investment grade levels, Moody's assigns a corporate as well as debt-specific rating but at investment grade levels, ratings apply to specific debt issues. During February 2013, Moody's changed its Ba1 rating, a below investment grade rating, to Baa3, an investment grade rating, and this rating specifically applies to our US\$300 million 144A. 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**

<b>Agency</b>	<b>Rating</b>	<b>Outlook</b>
Dominion Bond Rating Service <sup>1</sup>	BB(high)	Positive
Moody's <sup>2</sup>	Baa3	Stable
Standard & Poor's <sup>3</sup>	BB+	Stable

1. DBRS credit ratings for long-term obligations range from AAA to D. A rating of BB is described by DBRS as "Speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is uncertain. 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 BB is described by S&P as "less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions". Additional information on the rating is available on S&P's website.

*Market Prices*

The following table sets forth market prices and trading volumes of our Common shares on the Toronto Stock Exchange for each month of 2012 and 2011.

	2012				2011	
	High (\$)	Low (\$)	Close (\$)	Volume (000's)	Close (\$)	Volume (000's)
January	49.99	41.53	48.31	1,077	50.46	1,202
February	50.32	45.34	47.92	1,456	46.50	1,061
March	51.50	45.12	46.11	1,213	60.43	2,021
April	46.54	40.16	43.43	1,075	53.80	1,815
May	47.70	41.86	46.89	1,136	49.95	1,202
June	51.83	44.47	51.36	1,194	52.57	1,732
July	53.90	50.38	53.10	999	45.71	2,149
August	56.74	51.94	55.59	1,385	42.51	2,011
September	58.30	55.16	55.94	2,227	39.85	1,163
October	63.21	55.39	60.49	1,618	43.00	1,748
November	69.67	60.77	69.67	2,389	46.76	1,199
December	75.23	68.25	70.05	3,132	41.40	1,249
<b>Total</b>				<b>18,901</b>		<b>18,552</b>

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

*Dividends*

The declaration and payment of dividends is within the discretion of our Board of Directors. Historically, dividends have been declared on a quarterly basis payable after the end of each quarter. On an annual basis, dividends of \$0.56 per share were paid in both 2012 and 2011 while in 2010 the dividend per share was \$0.18. There can be no assurance that 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 CIBC Mellon 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, 2012. 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 14, 2013.

## 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	Managing Director, International Forestry Investment Advisors (advisory services)	February 13, 1992
<b>J. Duncan Gibson</b> <sup>1, 3 &amp; 4</sup> Toronto, Ontario	Investor	April 29, 1997
<b>Samuel W. Ketcham</b> <sup>3 &amp; 4</sup> Seattle, Washington	Investor	April 27, 2010
<b>Harald H. Ludwig</b> <sup>2 &amp; 4</sup> West Vancouver, B.C.	President, Macluan Capital Corporation (diversified private equity investments)	May 2, 1995
<b>Gerald J. Miller</b> <sup>3</sup> Lake Country, B.C.	Corporate Director	April 19, 2012
<b>Robert L. Phillips</b> <sup>2, 4 &amp; 5</sup> 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

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; and Gerald J. Miller who before July 31, 2011, was our Executive Vice-President, Finance and Chief Financial Officer and before January 1, 2009 was our Executive Vice-President, Operations. The term of office of each director will expire at the conclusion of the Company's next annual general meeting.



## ANNUAL INFORMATION FORM (CONTINUED)

### Officers

<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.	Vice-President, Wood Products
<b>Larry S. Hughes</b> Vancouver, B.C.	Vice-President, Finance and Chief Financial Officer Secretary
<b>Rodger M. Hutchinson</b> West Vancouver, B.C.	Vice-President, Corporate Controller
<b>Maureen F. Kuper</b> Burnaby, B.C.	Treasurer
<b>David P. Lehane</b> Quesnel, B.C.	Vice-President, Woodlands
<b>Christopher D. McIver</b> Quesnel, B.C.	Vice-President, Lumber Sales and Corporate Development
<b>Sean P. McLaren</b> Collierville, Tennessee	Vice-President, U.S. Lumber Operations
<b>Peter A. Rippon</b> Quesnel, B.C.	Vice-President, Pulp and Energy

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, who before March 1, 2013 was our President and Chief Operating Officer, before April 19, 2012 was our Executive Vice-President and Chief Operating Officer and before June 18, 2010 was our Vice-President, Pulp & Paper; Raymond W. Ferris, who before January 1, 2009 was our Vice-President, Lumber Operations; Larry S. Hughes, who before August 1, 2011 was our Senior Vice-President and Secretary; David P. Lehane, who before April 19, 2012 was Vice-President, Canadian Woodlands; Christopher D. McIver, who before October 1, 2010 was our Vice-President, Lumber Sales; Sean P. McLaren, who before October 1, 2010 was our General Manager, Wood Products for the U.S. operations and before August 11, 2010 was our Manufacturing Manager for the U.S. operations; and Peter A. Rippon, who before October 1, 2010 was our Operations Manager, Mechanical Pulp and Energy and before May 14, 2008 was our Operations Manager, Mechanical Pulp.

### Shareholdings of Directors and Officers

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

	December 31, 2012	December 31, 2011
Common shares	982,462	2,716,763
% of total Common shares	2%	7%
Class B Common shares	78,728	911,794
% of total Class B Common shares	3%	33%
% of all shares outstanding	2%	8%

### 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 2012, the Committee met without management representatives present and reviewed these and other issues.

### 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 MI 52-110.

#### Janice G. Rennie

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

#### Clark S. Binkley

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

#### 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.

### 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.



## ANNUAL INFORMATION FORM (CONTINUED)

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

	2012	2011
Audit Fees <sup>1</sup>	920	909
Audit-Related Fees <sup>2</sup>	209	276
Tax Fees	529	107

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 March 30, 2007, we entered into a committed revolving \$600 million operating facility with an original maturity date of 2012. The facility has been amended from time to time to extend the maturity date, to reflect certain covenant adjustments and for the granting of security. On December 13, 2010 we reduced the facility from \$600 million to \$500 million and on September 30, 2011, we extended the maturity date to September 2016. The facility continues to include general floating security over our assets and, where required under applicable U.S. laws, mortgages on certain real properties in the U.S.

### 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 30, 2013. Additional financial information is provided in our comparative consolidated financial statements and Management's Discussion & Analysis for the year ended December 31, 2012.

Copies of our Annual Report, which includes this Annual Information Form and the documents incorporated by reference herein, our comparative consolidated financial statements (including the auditor's report) for the year ended December 31, 2012, as well as each consolidated interim financial statement prepared for a period after December 31, 2012, 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 the website [www.westfraser.com](http://www.westfraser.com) and on the System for Electronic Document Analysis and Retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

### Schedule 1

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

#### General Mandate

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

### *Responsibilities*

The Committee will carry out the following responsibilities:

#### Financial Statements

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

#### Internal Control

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

#### 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