

NORBORD INC.

Annual Information Form

March 1, 2008



Table of Contents

	Page
CORPORATE STRUCTURE	4
GENERAL DEVELOPMENT OF THE BUSINESS	4
Changes in the Business 2005-2007	4
Outlook	5
RISKS OF THE BUSINESS	5
Product Price Sensitivities	5
Competition	5
Customer Dependence	6
Manufacturing Inputs	6
Fibre Resource	6
Litigation	6
Labour Relations	6
Environmental Matters	7
Product Liability	7
Natural Events	7
Capital Intensity	7
Tax Exposures	8
Currency Exposures	8
LEGAL PROCEEDINGS	9
DESCRIPTION OF THE BUSINESS	9
Principal Products	9
Principal Plants	10
Fibre Resource	11
Research and Development	11
Environment, Health and Safety	11
Human Resources	11
CAPITAL STRUCTURE	12
Description of Share Capital	12
Common Shares	12
Class A Preferred Shares	12
Class B Preferred Shares	12
Non-Voting Participating Shares	12
Description of Debt Securities	12
Credit Ratings	13
DIVIDENDS	14
MARKET FOR SECURITIES	14
DIRECTORS AND OFFICERS	15
Directors	15
Executive Officers	15
INTEREST OF MANAGEMENT AND OTHERS IN TRANSACTIONS	16

	Page
MATERIAL CONTRACTS	16
TRANSFER AGENT AND REGISTRAR	16
AUDIT COMMITTEE	17
Audit Fees	17
Audit-Related Fees	17
Taxation Fees	18
All Other Fees	18
INTERESTS OF EXPERTS	18
ADDITIONAL INFORMATION	18
GLOSSARY	18
Appendix A – Norbord Environment Policy	19
Appendix B – Norbord Health and Safety Policy	21
Appendix C – Audit Committee – Terms of Reference	22

Unless otherwise noted, all information contained in this Annual Information Form is as at December 31, 2007.

All dollar amounts in this Annual Information Form are US dollars unless otherwise specified.

The Management's Discussion and Analysis, and Environment, Health and Safety Report contained in the 2007 Annual Report of Norbord Inc. for the year ended December 31, 2007 ("Annual Report") is incorporated by reference in this Annual Information Form.

Caution Regarding Forward-Looking Information

This document includes forward-looking statements, as defined by applicable securities legislation. Often, but not always, forward-looking statements can be identified by the use of words such as "believes," "expects," or "does not expect," "is expected," "targets," "outlook," "plans," "scheduled," "estimates," "forecasts," "intends," "anticipates" or "does not anticipate" or variations of such words and phrases or statements that certain actions, events or results "may," "could," "would," "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Norbord to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

Examples of such statements include, but are not limited to, comments with respect to: (1) outlook for the markets for products; (2) expectations regarding future product pricing; (3) the outlook for operations; (4) expectations regarding mill capacity and production volumes; (5) objectives; (6) strategies to achieve those objectives; (7) expected financial results; (8) sensitivity to changes in product prices, such as the price of OSB; (9) sensitivity to key input prices, such as the price of natural gas; (10) sensitivity to changes in foreign exchange rates; (11) Margin Improvement Program targets; (12) expectations regarding income tax rates; (13) expectations regarding compliance with environmental regulations; (14) expectations regarding contingent liabilities and guarantees, including the outcome of pending litigation; and (15) expectations regarding the amount, timing and benefits of capital investments.

Although Norbord believes it has a reasonable basis for making these forward-looking statements, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to: (1) assumptions in connection with the economic and financial conditions in the United States, Europe, Canada and globally; (2) risks inherent with product concentration; (3) effects of competition and product pricing pressures; (4) outcome of the OSB class action lawsuits; (5) risks inherent with customer dependence; (6) effects of variations in the price and availability of manufacturing inputs including continued access to fibre resources at competitive prices; (7) various events that could disrupt operations, including natural events and ongoing relations with employees; (8) impact of changes to or non-compliance with environmental regulations; (9) impact of any product liability claims in excess of insurance coverage; (10) risks inherent with a capital intensive industry; (11) impact of future outcome of certain tax exposures; and (12) effects of currency exposures and exchange rate fluctuations.

The above list of important factors affecting forward-looking information is not exhaustive. Additional factors are noted elsewhere and reference should be made to the other risks discussed in filings with Canadian securities regulatory authorities. Except as required by applicable law, Norbord does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Company, whether as a result of new information, future events or otherwise, or to publicly update or revise the above list of factors affecting this information.

Corporate Structure

Norbord Inc. is a corporation existing under the laws of Canada. Norbord Inc. was continued by Articles of Amalgamation issued under the Canada Business Corporations Act on December 31, 1998. Norbord Inc. filed Articles of Arrangement and Restated Articles of Incorporation on June 30, 2004, to facilitate the transfer of its paper and timber business to a new public company, Fraser Papers Inc. (“Fraser Papers”) and the change of its name from Nexfor Inc. to Norbord Inc.

The registered and principal office of Norbord Inc. is 1 Toronto Street, Suite 600, Toronto, Ontario, M5C 2W4.

In this form, “Norbord” means Norbord Inc. and its consolidated subsidiaries and affiliates, and “Company” means Norbord Inc. as a separate corporation, unless the context implies otherwise.

Norbord is an international producer of wood-based panels with approximately 2,700 employees and 15 plant locations in the United States, Europe and Canada. Norbord has assets of \$1.4 billion, net sales of \$1.1 billion, and is one of the world’s largest producers of oriented strand board (“OSB”). In addition to OSB, Norbord manufactures particleboard, medium density fibreboard (MDF), hardwood plywood and related value-added products.

At March 1, 2008 Brookfield Asset Management Inc., a global asset manager, owned approximately 41% of the outstanding Common Shares of the Company. The Company’s Common Shares are traded on the TSX under the symbol NBD.

The principal operating subsidiaries of the Company are:

Name	Jurisdiction of Incorporation	Percentage of Voting Securities Owned	Date of Incorporation
Norbord Alabama Inc.	Alabama	100%	10/12/1999
Norbord Georgia Inc.	Georgia	100%	03/22/2002
Norbord Industries Inc.	Ontario	100%	08/24/1988
Norbord Industries, Inc.	New York	100%	04/06/1987
Norbord Limited	United Kingdom	100%	03/22/1995
Norbord Minnesota Inc.	Delaware	100%	12/20/2006
Norbord Mississippi, Inc.	Mississippi	100%	02/02/1993
Norbord NV	Belgium	100%	05/28/2004
Norbord South Carolina Inc.	South Carolina	100%	05/22/1998
Norbord Texas (Jefferson) Inc.	Delaware	100%	12/20/2006
Norbord Texas (Nacogdoches) Inc.	Delaware	100%	12/20/2006

There are no voting or non-voting securities issued by any of the Company’s subsidiaries that are not 100% owned, directly or indirectly, by the Company.

General Development of the Business

Changes in the Business 2005-2007

During 2007, Norbord ramped up the second line at its Cordele, Georgia OSB mill, operating at full production capacity. Construction began in June 2005 and was completed in December 2006 at a cost of \$135 million. The second line added 550 million square feet (³/₈-inch basis) of production capacity, increasing Norbord’s North American OSB capacity by 15%.

During 2007, Norbord’s program to convert all OSB manufacturing process heat from natural gas to biomass was completed.

In November 2007, Norbord finalized a \$50 million accounts receivable securitization facility providing the company with an additional cost-effective source of liquidity.

In July 2007, Norbord increased its committed unsecured revolving bank lines from \$200 million to \$235 million.

In July 2007, Norbord sold its I-Joist assets in Juniper, New Brunswick which had been indefinitely shut since December 2006. A provision of \$13 million was recorded in the Company's 2006 consolidated financial statements related to the closure.

In February 2007, Norbord completed a private placement of \$200 million ten-year notes to early refinance its 8 $\frac{1}{8}$ % debentures due 2008. Pending this repayment, the proceeds are being invested in high-quality money market securities or used to pay down bank line drawings.

On July 14, 2006, the Company paid \$128 million to shareholders in a special CAD \$1.00 per common share dividend.

On May 20, 2005, the Company paid \$118 million to shareholders in a special CAD \$1.00 per common share dividend.

Also on May 20, 2005, the Company redeemed CAD \$60 million of Class A Preferred Shares Series 1 at par (\$25.00), plus accrued and unpaid dividends.

Outlook

For information regarding Norbord's outlook, see Norbord's Management's Discussion and Analysis in the Company's 2007 Annual Report.

Risks of the Business

Norbord is exposed to a number of risks in the normal course of its business that have the potential to affect the operating and financial performance of the Company. A discussion of some of the major risks and uncertainties follows.

Product Price Sensitivities

OSB accounts for approximately 80% of Norbord's panel production capacity. The price of OSB is one of the most volatile in the wood-based panels industry. Norbord's concentration in OSB increases its sensitivity to product pricing and will result in a high degree of sales and earnings volatility.

Norbord's financial performance is principally dependent on the selling price of its products. The markets for most of Norbord's products are highly cyclical and are characterized by periods of supply and demand imbalance during which its product prices tend to fluctuate significantly. In addition, since many of Norbord's products are used for new home construction, seasonal and annual weather changes can affect demand and sales volumes. These imbalances, which may affect different areas of Norbord's business at different times, are influenced by numerous factors that are beyond Norbord's control and include: changes in global and regional production capacity for a particular product or group of products; changes in the end-use of those products or the increased use of substitute products; and the overall level of economic activity in the regions in which Norbord conducts business. Norbord has been negatively affected in the past by declines in product pricing and has taken market-related production downtime.

Competition

The wood-based panels industry is a highly competitive business environment in which companies compete, to a large degree, on the basis of price. Norbord's principal market is the United States where it competes with North American and, in some instances, foreign producers. Norbord's European operations compete primarily with other European producers. Certain competitors may have lower-cost facilities than Norbord. Norbord's ability to compete in these and other markets is dependent on a variety of factors such as manufacturing costs, continued free access to markets, customer service, product quality, financial resources, and currency exchange rates. In addition, competitors could develop new cost-effective substitutes for Norbord's wood-based

panels, or building codes could be changed to make the use of Norbord's products less attractive for certain applications.

Customer Dependence

Norbord sells its products primarily to major retail chains, contractor supply yards, and wholesale distributors and faces strong competition for the business of significant customers. Although no single customer accounts for more than 10% of Norbord's sales, Norbord generally does not have contractual assurances as to future sales. As a result, any significant customer order cancellations could negatively affect Norbord's sales and earnings. Continued consolidation in the retail industry could expose Norbord to increased concentration of customer dependence and increase customers' ability to exert pricing pressure on Norbord.

Manufacturing Inputs

Norbord is exposed to commodity price risk on most of its manufacturing inputs, principally wood fibre, resin and energy. These manufacturing inputs are purchased primarily on the open market in competition with other users of such resources and prices are influenced by factors beyond Norbord's control. Norbord may not be able to pass increased costs through to its customers.

Fibre Resource

As Norbord does not own any timberland, it purchases timber, wood chips and other wood fibre as well as recycled materials on the open market in competition with other users of such resources where prices are influenced by factors beyond Norbord's control.

Norbord's wood fibre supply comes from several different sources. In the US, roundwood logs are primarily sourced from private and industry owned woodlands. The MDF mill also purchases woodchips and sawdust from local sawmills. In Europe wood fibre is purchased from government-owned and private landowners. Fibre for OSB comes from roundwood logs while the MDF and particleboard mills source fibre in the form of roundwood logs, woodchips, sawdust and recycled wood. Norbord's Canadian mills hold forestry licenses and agreements to source approximately 880,000 cubic metres of poplar and birch from Crown timberland in Ontario and Quebec. Most of this volume is harvested and delivered by third parties that also hold licenses to operate in these areas.

The Crown licenses require the payment of stumpage fees for the timber harvested and compliance with specified rehabilitation and silvicultural management practices. The licenses cover periods ranging from 20 to 25 years and are renewed or extended every five years. They can be revoked or cancelled for non-performance. The licenses also contain terms and conditions that could, under limited circumstances, result in a reduction of annual allowable timber that may be harvested by Norbord without any compensation. Norbord believes it will retain access to adequate fibre supply, but harvesting on Crown lands could be restricted in the future.

Litigation

Norbord, along with eight other North American OSB producers, has been named as a defendant in several lawsuits filed in the US District Court for the Eastern District of Pennsylvania. See "Legal Proceedings".

Labour Relations

Norbord's US employees are non-unionized while its UK, Belgian and most of its Canadian employees are unionized – representing just under one-half of the workforce. All of Norbord's UK and Belgian union contracts are evergreen. Canadian union contracts typically cover a three- to five-year term.

Negotiations were completed in October 2007 for a new five-year agreement with the Steelworkers Union representing members at the Cochrane, Ontario hardwood plywood mill. The agreement expires May 31, 2012. The Teamsters contract covering members at the Val-d'Or, Quebec OSB mill expired on December 31, 2007. Norbord is in negotiations with the Teamsters to secure a new contract for the Val-d'Or mill. No labour union contracts expire during 2008. Norbord believes it will be able to negotiate acceptable contracts upon expiry, but strikes or work stoppages could result if Norbord is unable to do so.

Environmental Matters

Norbord's operations are subject to a range of general and industry-specific environmental laws and regulations relating to air emissions, wastewater discharges, solid and hazardous waste management, plant and wildlife protection and site remediation. Norbord believes that all of its facilities are in substantial compliance with these matters. Failure to comply with applicable environmental laws and regulations could result in fines, penalties or other enforcement actions that could impact Norbord's production capacity or increase Norbord's production costs.

Maximum Achievable Control Technology (MACT) regulations, designed to reduce hazardous air emissions, took effect in the US in 2004. The new standards apply to more than 200 mills manufacturing plywood, OSB, MDF, particleboard and other wood composite panels. In June 2007, the US Court of Appeals made two important decisions which impacted Norbord's MACT compliance plans. First, the courts removed the health-based low-risk compliance option, which was expected to exempt three Norbord operations. Second, the courts reinstated the original October 2007 compliance deadline. Individual states, however, have the authority to grant 12-month extensions and the Company has extended the deadlines to October 2008 where necessary. The remaining cost to comply with these rules is estimated to be \$12 million which is included in the 2008 capital plan.

In Europe, regulations to control the risks of fire and explosion came into force in 2004 (the UK's Dangerous Substances and Explosive Atmosphere (DSEAR) regulations, and Europe's Explosive Atmosphere (ATEX) Directive). In the UK, compliance work was completed in 2007. In Genk, compliance work began in 2006 and will be completed in 2008. To date, the Company's European operations have invested approximately \$6 million in equipment and controls to comply with the regulations.

The Kyoto Accord has been ratified in Canada and Europe. The US government chose not to ratify the Accord, but is in the early stages of developing its own greenhouse gas reduction targets. Canada has not yet finalized regulations to reduce greenhouse gas emissions; however, the regulatory initiatives currently under discussion will not impact Norbord's Canadian operations. All of Norbord's UK operations entered into Kyoto climate change energy efficiency agreements in 2001, which has to-date resulted in over £10 million tax and energy efficiency cost savings. A "cap and trade" carbon trading program was rolled out across Europe in 2005 which has established energy efficiency targets for Norbord's Genk mill and the Cowie MDF plant. Norbord believes that opportunities for improved energy efficiency and the completion of biomass heat energy systems in 2007 will benefit the Genk and Cowie mills' ability to comply with energy efficiency targets and avoid the need to acquire carbon credits.

In January 2005, the International Agency for Research on Cancer (IARC) reclassified formaldehyde as a known human carcinogen. Norbord's products are tested to ensure that they comply with agreed standards for formaldehyde content and emissions from the product.

Product Liability

Norbord produces a variety of wood-based panels. Norbord is not currently subject to any material claims with respect to the fitness for use of its products or related to product quality or performance issues. Norbord retains commercially reasonable insurance coverage for such claims, but could face increased costs if any future claims exceed purchased insurance coverage.

Natural Events

Norbord's business is exposed to numerous natural events such as forest fires, adverse weather conditions, insect infestation, disease, prolonged drought, and other natural disasters, which are not insurable events. If such an event occurs, Norbord may need to curtail production or incur increased fibre costs.

Capital Intensity

The production of wood-based panels is capital intensive. Although Norbord maintains its production equipment with regular periodic and scheduled maintenance, there can be no assurance that key pieces of equipment

will not need to be repaired or replaced. In certain circumstances, the costs of repairing or replacing that equipment and the associated downtime of the affected production line may not be an insurable event.

Tax Exposures

Norbord maintains reserves for known estimated tax exposures in all jurisdictions. These exposures are settled primarily through the closure of audits with the jurisdictional taxing authorities. Norbord believes its reserves are adequate to cover such exposures, but future settlements could differ materially from such reserves.

Currency Exposures

Norbord reports its financial results in US dollars. A portion of Norbord's product prices and costs are influenced by relative currency values (particularly the Canadian dollar, Pound Sterling and Euro). Significant fluctuations in relative currency values could negatively affect the cost competitiveness of Norbord's facilities, the value of its foreign investments, the results of its operations and its financial position.

Legal Proceedings

Norbord, and eight other North American OSB producers, has been named as defendants in several lawsuits filed in the US District Court for the Eastern District of Pennsylvania. The lawsuits allege that these nine North American OSB producers violated US and various state antitrust and other laws by allegedly agreeing to fix prices and reduce the supply of OSB from June 1, 2002 through the present.

As of January 31, 2008, the Court certified the following classes: a nationwide class of persons and entities that purchased OSB in the US directly from any of the defendant North American OSB producers between June 1, 2002 and February 24, 2006; a nationwide class of persons who, as end-users, indirectly purchased in the US for their own use, and not for resale, new OSB manufactured and sold by one or more of the defendant North American OSB producers between June 1, 2002 and February 24, 2006 (other than persons who purchased OSB only as part of a house or other structure); and a multi-state class of residents of seventeen States who, as end-users, indirectly purchased in the US for their own use, and not for resale, new OSB manufactured and sold by one or more of the defendant North American OSB producers between June 1, 2002 and February 24, 2006 (other than persons who purchased OSB only as part of a house or other structure).

All three classes seek damages or injunctive or other relief under applicable laws. The direct purchaser class trial date is set for June 3, 2008 and no trial date has been set for the two indirect purchaser classes. The Court has not yet set a schedule for providing notice of the certified litigation classes to potential class members, as required under US law. After notice is provided, one or more potential class members may choose to opt out of the class and separately pursue claims against Norbord and the other defendants.

Norbord believes that the lawsuits are entirely without merit and intends to defend this matter vigorously. However, the outcome of litigation is subject to inherent uncertainties and an adverse outcome to these litigations has the potential to materially and adversely affect Norbord's business, financial condition and results of operations.

Description of the Business

Principal Products

Norbord's business comprises the manufacturing, sales, marketing and distribution of panelboards and related products used primarily in the construction of new homes or the renovation and repair of existing structures. Products are generally sold to major retail chains, contractor supply yards and wholesale distributors. Some mill products move directly to industrial customers for further processing or as components for other products.

In 2007 and 2006, Norbord's sales originated as follows:

	2007	2006
North America	54%	66%
Europe	46%	34%

Norbord's production includes OSB, MDF, particleboard, hardwood plywood, and related specialty products. OSB is used principally for roofing, flooring and wall sheathing in home construction. OSB has displaced softwood plywood in many structural end-uses. OSB production currently represents approximately 62% of total North American structural panel production. In Europe, OSB's share of the structural panel market is lower than in North America due mainly to different housing construction methods. However, OSB use is growing rapidly in Europe. In North America, OSB is a low-cost substitute for plywood. In Europe, OSB is often a high performance substitute for particleboard.

Norbord's particleboard is used primarily in flooring and other construction applications. MDF applications include cabinets, moldings, interior wall paneling and furniture. Norbord's hardwood plywood is overlaid with veneers and has similar end-uses to MDF.

Principal Plants

Information regarding our estimated annual capacity is set forth in the following table. The estimated annual production capacity is based on normal operating rates and normal production mixes under current market conditions, taking into account known constraints, such as permit restrictions. Market conditions, fluctuations in raw material availability, mechanical interruptions and the nature of current orders may cause actual production rates and mixes to vary significantly from the estimated production rates and mixes used to derive the estimated annual capacities shown.

	Estimated Annual Capacity at Year-End	Production	
	2007	2007	2006
OSB (MMsf-^{3/8}")			
Bemidji, Minnesota	470 ⁽²⁾	468	456
Cordele, Georgia	990 ⁽¹⁾	839	427
Genk, Belgium	260	251	257
Guntown, Mississippi	450 ⁽²⁾	441	405
Huguley, Alabama	500	447	488
Inverness, Scotland	350	308	321
Jefferson, Texas	415	342	409
Joanna, South Carolina	500	487	480
La Sarre, Quebec	375	367	371
Nacogdoches, Texas	380	366	373
Val-d'Or, Quebec	340	298	348
	5,030	4,614	4,335
Particleboard (MMsf-^{3/8}")			
Cowie, Scotland	380 ⁽²⁾	365	354
Genk, Belgium	170	222	190
South Molton, England	225	208	250
	775	795	794
MDF (MMsf-^{3/8}")			
Cowie, Scotland	380 ⁽²⁾	350	366
Deposit, New York	160	142	151
	540	492	517
Plywood (MMsf-^{3/8}")			
Cochrane, Ontario	80	71	79

(1) Includes second line completed December 2006 with estimated annual capacity of 550 MMsf (1/8-inch basis).

(2) Estimated annual capacity increased over prior year based on operational improvements, capital investment and other initiatives.

Norbord employs multi-opening press technology at its Minnesota, Georgia, Mississippi, and two Texas OSB mills in the United States. All of these mills purchase their wood fibre requirements from outside sources with prices based on regional market dynamics. These mills are not unionized and employees participate in profit sharing programs whereby a percentage of each mill's operating income is shared with the employee group at that mill.

Norbord also employs multi-opening press technology at its two Quebec OSB mills in Canada. A significant portion of the production of these mills is concentrated on specialty panels including I-joist web stock, thin panels and flooring. The wood fibre requirements for these mills are obtained under 25-year timber supply and forest management agreements with the Quebec Government and also from other outside sources with prices based on regional market dynamics. The mills are unionized.

Norbord employs continuous press technology at its South Carolina and Alabama OSB mills in the US. Continuous press technology allows for the production of OSB in non-standard sizes and with specialized

performance characteristics. These mills purchase their wood fibre requirements from outside sources with prices based on regional market dynamics. These mills are not unionized and employees participate in profit sharing programs whereby a percentage of each mill's operating income is shared with the employee group at that mill.

Norbord's mill in Cowie, Scotland is a large, integrated operation with a continuous press MDF production line, a continuous press particleboard line, and value-added laminating facilities. The South Molton, England particleboard mill employs single-opening press technology and is integrated with laminating operations and a flat-pack furniture manufacturing facility. The OSB mill in Inverness, Scotland employs two multi-opening press lines. All of Norbord's mills in the UK purchase their wood fibre requirements from outside sources with prices based on regional market dynamics.

The Genk, Belgium facility has two independent production lines which manufacture OSB and particleboard. The OSB line started up in 2001 and employs continuous press technology. The particleboard line started up in 1991 and employs multi-opening press technology. The wood fibre for the Genk operation is a combination of roundwood for OSB and recycled wood (pre- and post-consumer), mixed roundwood and flax fibre for the particleboard line. Wood fibre purchases are made on the open market from a combination of public and private enterprises in the region.

The Deposit, New York mill produces MDF from hardwood fibre and is the only facility of its kind in the northeastern US. The Cochrane, Ontario plywood mill produces hardwood overlay plywood.

Fibre Resource

For the most part, Norbord's operations purchase wood fibre in the form of logs, wood chips and wood residues from outside sources. See "Risks of the Business – Fibre Resource".

Norbord participates in both the *Sustainable Forestry Initiative*[®] (SFI) and the Forest Stewardship Council (FSC) forest certification programs. See the Company's Environment, Health and Safety Report in the 2007 Annual Report.

Research and Development

Norbord carries out research and applied technology programs to improve production techniques and product quality, develop new products, and minimize the environmental impact of its operations. The Company operates a central laboratory facility in St. Laurent, Quebec. In addition, the Company participates in and performs contract work at a number of industry-wide organizations including Forintek and the Forest Engineering Institute of Canada.

Environment, Health and Safety

Norbord's Environment Policy and Health and Safety Policy are attached as Appendices A and B respectively to this document.

Norbord measures its performance against environment, health and safety targets in four areas: 1) injury frequency and severity; 2) environmental compliance; 3) impact minimization; and 4) environment, health and safety management systems. Norbord continues its program of auditing its operations on a regular schedule to ensure continuing high standards of performance. See "Risks of the Business – Environmental Matters".

Human Resources

Norbord's corporate head office is in Toronto, Canada. Norbord employs approximately 2,700 people at its operations in the US, Europe and Canada. Just under one half of these employees are represented by labour unions. See "Risks of the Business – Labour Relations".

Capital Structure

Description of Share Capital

The authorized share capital of Norbord consists of an unlimited number of Class A Preferred Shares, an unlimited number of Class B Preferred Shares, an unlimited number of Non-Voting Participating Shares and an unlimited number of Common Shares. As of March 1, 2008 there were 146,833,600 Common Shares outstanding.

The following is a summary of the principal attributes of the Common Shares, the Class A Preferred Shares, the Class B Preferred Shares and the Non-Voting Participating Shares of Norbord. For a complete description of the terms of Norbord's share capital, refer to its Restated Articles of Incorporation filed on SEDAR at www.sedar.com

Common Shares

The holders of Common Shares are entitled to one vote per share at all meetings of shareholders. They are entitled to receive dividends if, as and when declared by the Directors ratably with any holders of the Non-Voting Participating Shares, subject to the attributes of each series of Non-Voting Participating Shares. In the event of any liquidation, dissolution or winding up, subject to the rights of holders of any Class A Preferred Shares and Class B Preferred Shares, the holders of Common Shares are entitled to participate ratably with any holders of Non-Voting Participating Shares in any distribution of the assets of Norbord, subject to the attributes of each series of Non-Voting Participating Shares.

Class A Preferred Shares

The Class A Preferred Shares are issuable in series. The Directors of Norbord are empowered to fix the number of shares in and the designation and attributes of each series, which may include voting rights. The Class A Preferred Shares will be entitled to priority over the Class B Preferred Shares, the Non-Voting Participating Shares and the Common Shares with respect to the payment of dividends and the distribution of assets of Norbord in the event of any liquidation, dissolution or winding up of Norbord.

Class B Preferred Shares

The Class B Preferred Shares are issuable in series. The Directors of Norbord are empowered to fix the number of shares in and the designation and attributes of each series, which may include voting rights. The Class B Preferred Shares are entitled to priority over the Non-Voting Participating Shares and the Common Shares with respect to the payment of dividends and the distribution of assets of Norbord in the event of any liquidation, dissolution or winding up of Norbord.

Non-Voting Participating Shares

The Non-Voting Participating Shares are issuable in series. The Directors of Norbord are empowered to fix the number of shares in and the designation and attributes of each series, which may include a preferential dividend or a priority in any distribution of assets of Norbord. Subject thereto, the holders of Non-Voting Participating Shares are entitled to receive dividends if, as and when declared by the Directors ratably with the holders of Common Shares and, in the event of any liquidation, dissolution or winding up, subject to the rights of the holders of any Class A Preferred Shares and Class B Preferred Shares, to participate ratably with the holders of Common Shares in any distribution of the assets of Norbord.

Description of Debt Securities

At March 1, 2008, Norbord had issued and outstanding senior unsecured debt securities as follows:

- \$197 million of 8 $\frac{1}{8}$ % debentures due March 20, 2008.
- \$240 million of 7 $\frac{1}{4}$ % debentures due July 1, 2012.
- \$200 million of 7.45% senior notes due February 15, 2017.

The 6.70% senior notes were issued to early refinance Norbord's \$197 million 8¹/₈% debentures due March 20, 2008, and are subject to a credit ratings-based coupon step-up provision.

Interest is payable semi-annually and the debt securities may be redeemed at Norbord's option at any time at specified redemption prices.

Credit Ratings

The following table summarizes the credit ratings accorded to Norbord's senior unsecured debt securities at March 1, 2008 by the following rating agencies:

Rating Agency	Rating	Outlook
Standard & Poor's Ratings Services, Inc. ("S&P")	BB	Negative
Moody's Investors Service, Inc. ("Moody's")	Ba2	Negative
DBRS Limited ("DBRS")	BBB(low)	Stable

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities. The credit ratings accorded to debt securities by the rating agencies are not recommendations to purchase, hold or sell the debt securities as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgement, circumstances so warrant.

S&P credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. According to S&P, the BB rating is the fifth highest of ten major categories, and debt securities rated BB or lower are regarded as having significant speculative characteristics. Debt securities rated BB are less vulnerable to non-payment than other speculative issues, however they face major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the securities. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Moody's credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. According to Moody's, a rating of Ba is the fifth highest of nine major categories, and debt securities rated Ba are judged to have speculative elements and are subject to substantial credit risk. Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the security ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category.

DBRS credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. According to DBRS, a rating of BBB is the fourth highest of ten major categories, and debt securities rated BBB are of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is fairly susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present which reduce the strength of the entity and its rated securities. Rating categories AA through CC are denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category.

Dividends

The Company has paid a consistent quarterly dividend of CAD \$0.10 per Common Share since the fourth quarter of 1990. In addition, the Company paid special dividends of CAD \$1.00 per share on May 20, 2005 to shareholders of record on May 2, 2005 and on July 14, 2006 to shareholders of record on June 30, 2006. The Company has a dividend reinvestment plan whereby shareholders resident in Canada can elect to receive their Common Share dividend in Common Shares.

While dividends on Common Shares are declared at the discretion of the Board of Directors, it is management's objective to operate the business in a manner that would allow the Board to declare a steady quarterly dividend over the business cycle.

The table below summarizes the total dividends on Common Shares declared by the Board of Directors, the amounts paid out in cash and the amounts distributed as shares under the dividend reinvestment plan for the preceding three financial years.

(\$ millions)	2007	2006	2005
Cash distribution	\$ 32	\$ 167	\$ 160
Share distribution	23	11	6
Total dividends on Common Shares	\$ 55	\$ 178	\$ 166

Prior to redemption of the Class A Preferred Shares Series 1 on May 20, 2005, the total cash dividends declared and paid on same were \$1 million in 2005.

Market for Securities

The Company's Common Shares are listed for trading on the TSX under the symbol NBD. On May 20, 2005, all of the Company's outstanding Class A Preferred Shares Series 1 were redeemed at par.

In 2007, the Company's Common Shares traded in a range between CAD \$7.05 and CAD \$9.88 per share, ending the year at CAD \$7.96. Average daily volume traded during the year was 610,468 shares.

Month	Common Shares		
	High (CAD \$/Share)	Low (CAD \$/Share)	Volume (Shares)
January	9.88	8.99	11,479,506
February	9.67	8.84	11,142,648
March	8.88	8.12	17,848,389
April	8.78	7.99	18,462,908
May	9.14	8.25	13,244,323
June	9.41	8.66	10,582,592
July	9.56	8.05	10,329,555
August	8.43	7.54	17,402,219
September	8.07	7.05	19,594,451
October	8.33	7.31	9,172,612
November	7.80	7.33	9,280,579
December	8.55	7.50	5,298,274

Directors and Officers

Directors

The Company's Directors are elected annually and hold office until the next annual meeting of shareholders of the Company or until a successor is elected or appointed. As of the date of this Annual Information Form, the Board has nine directors. Particulars relating to each of the nine directors nominated for election at the Company's annual meeting of shareholders on April 23, 2008 are contained in the Company's Management Proxy Circular dated March 1, 2008 on pages 10 to 14, which are incorporated herein by reference. A copy of this Circular can be obtained from the Company and is available on SEDAR at www.sedar.com.

Executive Officers

The names of the executive officers of the Company at March 1, 2008, their location of residence, their current offices and their dates of appointment are shown in the following table:

	Current Office	Date of Appointment
ROBERT J. HARDING Toronto, Ontario, Canada	Chair	2005
J. BARRIE SHINETON Toronto, Ontario, Canada	President and Chief Executive Officer	2004
ROBIN E. LAMPARD ⁽¹⁾ Toronto, Ontario, Canada	Senior Vice President and Chief Financial Officer	2008
ROBERT KINNEAR Toronto, Ontario, Canada	Senior Vice President, Corporate Services	2005
KARL R. MORRIS Stirling, Scotland, UK	Senior Vice President, European Operations	2005
PETER C. WIJNBERGEN Toronto, Ontario, Canada	Senior Vice President, Eastern Operations	2007
MICHAEL J. BOTHA Toronto, Ontario, Canada	Vice President and Controller	2006
LYNNE C. TAYLOR Brampton, Ontario, Canada	Assistant Corporate Secretary	2004

(1) Ms. Lampard replaced John Tremayne as Chief Financial Officer, effective February 15, 2008.

For those executive officers of the Company appointed to their current positions within the past five years, their prior positions during this period were as follows. Prior to his appointment as Chair of the Board of Directors, Mr. Harding served as a Company Director from 1998. Mr. Harding is also Chair of Brookfield Asset Management Inc. Prior to his appointment as President and CEO of the Company, Mr. Shingleton was Executive Vice President, Wood Products and President, Norbord Industries Inc. from 2003 to 2004. He held the position of Managing Director of Norbord Limited (UK) from 1999 until 2003. Ms. Lampard replaced John Tremayne as Chief Financial Officer, effective February 15, 2008. Ms. Lampard held a number of increasingly senior Finance and Treasury roles within the Company, including her most recent position of Vice President, Treasurer from 2002. Prior to his appointment as Senior Vice President, Corporate Services, Mr. Kinnear held the position of Vice President, Human Resources and Administration of Norbord Industries Inc. Prior to his appointment as Senior Vice President, European Operations, Mr. Morris held the position of Managing Director of the Company's European Operations from 2003, prior to which he was Site Director of the Company's South Molton, U.K. manufacturing facility. Prior to his appointment as Senior Vice President, Eastern Operations, Mr. Wijnbergen held the position of Senior Vice President, Marketing, Sales and Logistics of the Company from 2005, prior to which he was Vice President, Sales, Marketing and Logistics

of Norbord Industries Inc. Prior to his appointment as Vice President and Controller, Mr. Botha held increasingly senior financial positions with the Company since 2001. Prior to her appointment as Assistant Corporate Secretary of the Company, Ms. Taylor held the position of Manager, Regulatory Affairs from February 2004 until June 2004, prior to which she was the Manager, Legal Compliance for KBSH Capital Management Inc. from 2000 until 2004.

As at March 1, 2008, the Directors and officers of the Company as a group directly own or exercise control or direction over 767,606 (representing approximately 0.52%) Common Shares of the Company and over none of the voting securities of any of the Company's subsidiaries. For indirect holdings, reference is made to the Company's Management Proxy Circular, dated March 1, 2008 on page 3, which is incorporated herein by reference.

Interest of Management and Others in Transactions

Except as otherwise disclosed, no Director or officer of the Company, no person who beneficially owns, directly or indirectly, more than 10% of the Norbord Common Shares and no associate or affiliate of the foregoing persons has any material interest in any transaction within the past three years or during the current financial year that has materially affected or will materially affect Norbord.

Material Contracts

The Company has provided certain commitments and indemnifications, including those related to former businesses. The maximum amounts from many of these items cannot be reasonably estimated at this time. However, in certain circumstances, the Company has recourse against certain assets of the former businesses and other parties to mitigate the risk of loss.

Transfer Agent and Registrar

The transfer agent and registrar for the Common Shares is CIBC Mellon Trust Company, P.O. Box 7010, Adelaide Street Postal Station, Toronto, Ontario, M5C 2W9, Telephone: 1-800-387-0825, e-mail: inquiries@CIBCmellon.com.

Audit Committee

The Audit Committee is appointed by the Board and, among other things, reviews the consolidated financial statements and management's discussion and analysis; considers the report of the external auditors; assesses the adequacy of the internal controls of the Company; examines the fees and expenses for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The full terms of reference of the Audit Committee are included in this Annual Information Form as Appendix C.

The Audit Committee includes the following Directors, each of whom has been determined by the Board of Directors to be "independent" and "financially literate", as such terms have been defined in Multilateral Instrument 52-110. The Board has selected each of the following individuals based upon their education and experience, as same is relevant to his or her responsibilities as a member of the audit committee:

Pierre Dupuis (Chair)

Dian Cohen

Gordon E. Forward

Neville W. Kirchmann

Mr. Dupuis is the former Vice President, Chief Operating Officer of Dorel Industries Inc., a global consumer product company from 1999 to 2005. Prior to his appointment at Dorel, Mr. Dupuis was President and COO of Transcontinental Inc., a Canadian printing and publishing company. He currently serves as a trustee of Great Lakes Hydro Income Fund.

Ms. Cohen is an economic consultant and the author of a number of books on government, personal money management and social policy issues. She currently serves on the boards of other Canadian public companies and one other audit committee.

Dr. Forward is the former Vice Chair of Texas Industries Inc. from 1998 to 2000. Prior to that, he was President and Chief Executive Officer of Chaparral Steel Company, from 1982 to 1998. He currently serves on the Board of Texas Industries Inc.

Mr. Kirchmann is President of Kirchmann Holdings Ltd., a private investment company. He was President and CEO of Coca-Cola Canada from 1975 to 1992 and Coca-Cola Southern Africa from 1965 to 1975 and 1993 to 1995. He is a Chartered Accountant and has held the position of Audit Committee Chair on other publicly traded companies.

As part of its mandate, the Audit Committee assesses the independence of the Company's auditors. From time to time the Company's auditors also provide non-audit services to Norbord. It is the Company's policy not to engage its auditors to provide services that may impair their objectivity or that are specifically forbidden by law or regulation. The Company has implemented procedures to ensure that any engagement of the auditors for non-audit services receives prior clearance by the Audit Committee. In approving any such engagement, the Audit Committee will consider whether the provision of such non-audit services is compatible with maintaining the auditors' independence.

For the year 2007, Norbord paid a total of \$1.5 million to the Company's auditors for all services. In 2006 the equivalent total was \$1.8 million. The following provides details on these billings:

Audit Fees

Norbord paid \$0.8 million to the Company's auditors (2006 – \$0.8 million) for the annual financial statement audit of the Company and certain of its subsidiaries. The fees include the review of the Company's unaudited interim financial statements.

Audit-Related Fees

Norbord paid less than \$0.1 million to the Company's auditors (2006 – \$0.6 million) for audit-related services. Audit-related services in 2006 include audits of the Company's pension plans, special purpose non-statutory

audits of divisions of the Company, comfort letters associated with regulatory filings and internal control reviews.

Taxation Fees

Norbord paid \$0.7 million to the Company's auditors (2006 – \$0.3 million) for taxation services. Taxation services include tax advisory and compliance services.

All Other Fees

Norbord did not engage the Company's auditors to perform other non-audit services in 2007 (2006 – \$0.1 million). Other services include expatriate consulting services and other business advisory services.

Interests of Experts

KPMG LLP have prepared the audit report on the audited consolidated financial statements of the Company as at December 31, 2007 and for the year then ended. None of the designated professionals of KPMG LLP beneficially own, directly or indirectly, any of the Company's outstanding securities.

Additional Information

The Management Proxy Circular dated March 1, 2008 contains additional information concerning the Company including Directors' and Officers' remuneration, principal holders of Common Shares and its stock option plan. Additional financial information about the Company is included in Norbord's audited consolidated financial statements for the year ended December 31, 2007 and in the Company's Management's Discussion and Analysis in the 2007 Annual Report.

These documents and additional information about the Company and its operations can be found on Norbord's website at www.norbord.com or on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Glossary

m³: Cubic metre. A measure of volume equal to approximately 1,130 square feet (³/₈-inch basis).

MDF: Medium density fibreboard. A panelboard produced by chemically bonding highly refined wood fibres of uniform size under heat and pressure.

Msf (MMsf): Measurement for panel products equal to a thousand (million) square feet.

Msf (MMsf) (³/₈-inch basis): Measurement for panel products equal to a thousand (million) square feet, ³/₈-inch thick.

OSB: Oriented strand board. An engineered structural wood panel produced by chemically bonding wood strands in a uniform direction under heat and pressure.

Panelboards: Oriented strand board, particleboard, medium density fibreboard and plywood.

Particleboard: A panelboard produced by chemically bonding clean sawdust, small wood particles and recycled wood fibre under heat and pressure.

Plywood: A panelboard produced by chemically bonding thin layers of solid wood veneers.

Appendix A – Norbord Environment Policy

Norbord recognizes that our environment is fundamental to our existence, and that our businesses and the communities where we operate depend on its health. We strive for excellence, leadership, sustainability and competitive advantage with integrity through continual improvement in our environmental performance and management of forest land. For Norbord, sustainable development means creating economic growth and caring for society and the environment, while taking into account the needs of future generations.

Norbord will integrate environmental protection into our business processes and decisions. Our belief in sustainable development means we are committed to:

Full Compliance

Comply fully with all applicable environmental legislation and regulations that affect our activities.

Forest Management

Manage forest resources in a manner consistent with the principles of sustainable forestry, this policy and applicable legislation.

Minimization of Environmental Impact

Improve our environmental performance as the expectations of society change. We shall do this by using forest, energy and other resources with increasing efficiency, and by reducing all forms of waste.

Risk Management

Continually identify, evaluate and control the environmental risks associated with our operations. We shall have procedures in place to prevent and respond to emergencies.

Environmental Management Systems

Implement systematic environmental management that supports this policy at every operation. We shall assign appropriate human and financial resources. Every year we shall establish measurable objectives and targets for environmental management and performance improvement.

Innovation

Support pollution prevention and environmental research, and implement findings consistent with this policy.

Performance Evaluation

Evaluate the environmental performance of our operations and personnel, and recognize achievements that support this policy. We shall provide our employees with information and training for them to fully integrate this policy into their responsibilities at work.

Communication with Stakeholders

Engage in a constructive dialogue with the communities in which we operate and other key stakeholders, taking their needs into account when we make our decisions.

Open Government Relations

Work constructively with governments and regulators on the establishment of scientifically and economically sound requirements for our operations.

Audits

Conduct environmental audits at all our operations at a frequency appropriate to their risks.

Reports

Report regularly on our environmental performance to the management of the corporation, the board of Directors, our shareholders, employees and the communities in which we operate.

Norbord requires its operations to develop policies, systems, organizations and competencies, and to embrace an environmental commitment consistent with these principles. Norbord requires all employees to take responsibility for environmental protection in their jobs.

Appendix B – Norbord Health and Safety Policy

We are committed to safeguarding the health and well-being of our employees, contractors and visitors by creating and maintaining a safe working environment.

Beliefs

- All injuries and occupational illnesses are preventable.
- Health and safety is a top priority and an integral part of our business and decision-making.
- Management is ultimately responsible for workplace health and safety.
- Safe operating practices are a shared responsibility among management, employees, contractors and visitors.
- Employees and contractors are accountable for their safety and that of fellow workers.
- Working safely is a condition of employment.
- Sharing best practices improves performance.

Practices

- Design safe facilities.
- Continually review and improve processes and procedures.
- Identify hazards and assess risks.
- Develop, implement and enforce safe work practices.
- Ensure all facilities comply with applicable laws and regulations.
- Provide employees with information and training to work safely.
- Require employees and contractors to execute their work in accordance with legislative requirements and Norbord policy.
- Establish and monitor health and safety objectives.
- Take action to prevent recurrence of incidents.
- Implement health and safety management systems to continually improve performance.
- Conduct health and safety audits.
- Report health and safety performance to senior management, the board of Directors, shareholders, employees, and the public.

Appendix C – Audit Committee – Terms of Reference

Norbord Inc.

Role of Audit Committee

The role of the Audit Committee is to assist the Board in its oversight of the integrity of the financial and related information of the Corporation including its financial statements, the internal controls and procedures for financial reporting and the processes for monitoring compliance with legal and regulatory requirements and to review the independence, qualifications and performance of the external auditor of the Corporation. Management is responsible for establishing and maintaining those controls, procedures and processes and the Audit Committee is appointed by the Board to review and monitor them.

Authority and Responsibilities

In carrying out its role, the Audit Committee has the following authority and responsibilities:

1. *Financial information and reporting* –
 - (a) to review and discuss with management and the external auditor, as appropriate:
 - (i) the annual audited financial statements and the interim financial statements including the accompanying management’s discussion and analysis; and
 - (ii) earnings guidance and other releases containing information taken from the Corporation’s financial statements prior to their release; and
 - (b) to review the Corporation’s financial reporting and accounting standards and principles and any proposed material changes to them or their application;
2. *Internal controls* – to review, with the chief financial officer (“CFO”), the external auditor and others, as appropriate, the Corporation’s system of internal controls;
3. *External audit* –
 - (a) to recommend to the Board, for shareholder approval, the external auditor to examine the Corporation’s accounts, controls and financial statements on the basis that the external auditor is accountable to the Board and the Audit Committee as representatives of the shareholders of the Corporation;
 - (b) to evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor;
 - (c) to pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor and the fees for those services;
 - (d) to obtain and review at least annually a written report by the external auditor setting out the auditor’s internal quality control procedures, any material issues raised by the auditor’s internal quality control reviews and the steps taken to resolve those issues; and
 - (e) to review at least annually the relationships between the Corporation and the external auditor in order to establish the independence of the external auditor;
4. *Risk management* – to review and monitor the Corporation’s major financial risks and risk management policies and the steps taken by management to mitigate those risks; and
5. *Compliance* –
 - (a) to review the Corporation’s financial reporting procedures and policies to ensure compliance with all legal and regulatory requirements and to investigate any non-adherence to those procedures and policies; and
 - (b) to establish procedures for the receipt and treatment of any complaint regarding accounting, internal accounting controls or auditing matters including procedures for the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.

Composition and Procedures

1. *Size* – The Audit Committee will consist of a minimum of three Directors. The members of the Committee are appointed by the Board upon the recommendation of the Corporate Governance and Nominating Committee and may be removed by the Board in its discretion.
2. *Qualifications* – All members of the Committee must be “independent” within the meaning of sections 1.4 and 1.5 of Multilateral Instrument 52-110. All members of the Committee must be “financially literate”, i.e., have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the financial statements of the Corporation. At least one member of the Committee should have “accounting or related financial expertise”, i.e., the ability to analyze and interpret a full set of financial statements, including the attached notes, in accordance with Canadian generally accepted accounting principles.
3. *Meetings* – The Committee will meet at least five times a year and a portion of each meeting will be held without the presence of management.
4. *Review of Financial Statements* – The Committee will review the Corporation’s annual audited financial statements with the CEO and CFO and then the full Board. The Committee will review the interim financial statements with the CEO and CFO. The external auditor will be present at these meetings.
5. *Review of CEO and CFO Certification Process* – In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications with respect to the financial statements and the Corporation’s disclosure and internal controls, including any material deficiencies or changes in those controls.
6. *Review of Earnings and Other Releases* – The Committee will review with the CFO any earnings guidance to be issued by the Corporation and any news release containing financial information taken from the Corporation’s financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.
7. *Approval of Audit and Non-Audit Services* – In addition to recommending to the Board the external auditor to examine the Corporation’s financial statements and the compensation of the external auditor for audit services, the Committee must approve any use of that external auditor to provide non-audit services prior to its engagement. It is the Committee’s practice to restrict the non-audit services that may be provided by the external auditor in order to minimize relationships that could appear to impair the objectivity of the external auditor.
8. *Hiring Guidelines for Independent Auditor Employees* – The Committee will adopt guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Corporation on any aspect of its certification of the Corporation’s financial statements.
9. *Audit Partner Rotation* – The Committee will ensure that the lead audit partner assigned by the external auditor to the Corporation, as well as the independent review partner charged with reviewing the financial statements of the Corporation, are changed at least every five years.
10. *Process for Handling Complaints about Accounting Matters* – The Committee has established the following procedure for the receipt and treatment of any complaint received by the Corporation regarding accounting, internal accounting controls or auditing matters:
 - (a) the Corporation will make available and make known special mail and e-mail addresses and telephone numbers for receiving complaints regarding accounting, internal accounting controls or auditing matters;
 - (b) copies of complaints received will be sent to the members of the Committee;
 - (c) all complaints will be investigated by the Corporation’s finance staff, except as otherwise directed by the Committee. The Committee may request that outside advisors be retained to investigate any complaint; and

- (d) the status of each complaint will be reported on a quarterly basis to the Committee and, if the Committee so directs, to the full Board. The Corporation's Code of Business Conduct prohibits any Director, officer or employee of the Corporation from retaliating or taking any adverse action against anyone for raising or helping to resolve a complaint.
11. *Evaluation* – The Committee will conduct and present to the Board an annual evaluation of the performance of the Committee and the adequacy of these terms of reference and recommend any proposed change to the Board for approval.
12. *Other Matters* – The Committee will conduct reviews and, where appropriate, recommend action by the Board, on:
- (a) the annual information form to be filed by the Corporation;
 - (b) regular reports on outstanding litigation that could have a material effect on the Corporation;
 - (c) an annual certificate of the CEO attesting that senior management of the Corporation have received and agreed to be bound by the Corporation's Code of Business Conduct and as to compliance with the Code;
 - (d) an annual report on officers' expenses;
 - (e) an annual report on consulting and legal fees paid by the Corporation; and
 - (f) an annual report on the Corporation's insurance coverage and costs.



www.norbord.com