

CORRECTED TRANSCRIPT

of the

**NORBORD INC.
ANNUAL AND SPECIAL MEETING
OF SHAREHOLDERS**

10:00 a.m.

Tuesday, April 27, 2010

The National Club
303 Bay Street
Toronto

Robert Harding

Chairman

J. Barrie Shineton

President and Chief Executive
Officer

SHAREHOLDERS MEETING

ROBERT HARDING (RH): Good morning, Ladies and Gentlemen. It is now 10 o'clock and I would like to call to order this Annual and Special Meeting of Shareholders of Norbord Inc.

My name is Robert Harding and as Chairman of the Corporation, it's my pleasure to chair today's meeting.

I'd also like to introduce Barrie Shingleton, the President and Chief Executive Officer of Norbord, who is on stage with me and will address you a little later in the meeting.

Let me also introduce Elaine Toomey. Elaine is the Assistant Corporate Secretary and will act as Secretary of today's meeting.

I now appoint CIBC Mellon Trust Company, by its Representatives Bill Zawada and Radha Mulchan-Singh, to act as Scrutineers.

I have received an Affidavit from CIBC Mellon, confirming that the Notice of Meeting, the accompanying Management Proxy Circular, the Form of Proxy, the audited financial statements and Management's Discussion and Analysis for the Year ended December 31, 2009 were mailed to all shareholders of the Corporation entitled to receive them.

Additional copies of these materials are here today, and they are placed before the shareholders.

I direct that proof of mailing of the documents to shareholders be kept by the Secretary with the Minutes of this meeting.

The Scrutineer has submitted its report on attendance. There are 438 shareholders holding 37,237,182 common shares represented in person or by proxy at this meeting. This represents approximately 86% of the outstanding common shares.

Notice having been mailed in accordance with the by-laws and a quorum being present, I declare today's meeting to be properly constituted for the transaction of business for which it has been called.

As outlined in the Management Proxy Circular, there are three items of business to be considered today.

First, is the election of Directors.

Second, the appointment of the Auditors of the Corporation, and authorization for the Directors to fix their remuneration.

And third, to consider a resolution, the full text of which is produced as Schedule A to the Management Proxy Circular, to approve an amendment to the Norbord's Stock Option Plan relating to the maximum number of common shares that may be issued thereunder.

In order to expedite the formal part of today's meeting, I have asked certain shareholders to nominate and second various resolutions. Although this procedure will assist in the handling of the formal matters, it is not intended to discourage anyone from speaking on behalf of any resolution once it has been proposed and seconded.

After the formal part of the business, Barrie Shineton will review Norbord's business activities and following his remarks, the floor will be open for questions and comments.

I'd now like to introduce the senior management team. In addition to Barrie Shineton and myself, I would introduce them and I will ask them to stand as I call their names.

- Robin Lampard, Senior Vice-President and Chief Financial Officer.
- Bob Kinnear, Senior Vice-President, Corporate Services.
- Peter Wijnbergen, Senior Vice-President, Eastern Operations, and
- Karl Morris, Senior Vice-President, European Operations.

Let me now turn to the first item of business which is the election of the Corporation's Directors.

In addition to Barrie Shineton and myself, the remaining seven Directors standing for election are:

- Jack Cockwell, Group Chair, Brookfield Asset Management Inc.
- Dian Cohen, Corporate Director and Economics Consultant
- Pierre Dupuis, Corporate Director
- Gordon Forward, Corporate Director
- Dominic Gammiero, Managing Partner, of Brookfield Special Situations.
- Neville Kirchmann, President, Kirchmann Holdings Ltd., and
- Margot Northey, Corporate Director.

The meeting is now open for nominations, and it is in order for someone to nominate the proposed Directors.

SHEREE CAPSTICK (SC): Mr. Chairman, my name is Sheree Capstick and I am a shareholder. I nominate for election as Directors, the nine nominees named in the Management Proxy Circular dated March 1st, 2010.

RH: Thank you very much, Sheree.

Are there any further nominations?

If not, I declare the nominations closed.

As there are nine (9) Directors to be elected and the same number of Nominees, I now declare that those nominated have been duly, fully, duly elected Directors of the Corporation by acclamation, to hold office until the next Annual Meeting of Shareholders or until their successors are elected or appointed.

The second item of business is the appointment of the auditors and the authorization for the Directors to fix their remuneration.

Would someone please move the motion, to the appointment of the Auditors and authorization for the Directors to fix their remuneration.

ANTHONY ANSARA (AA): Mr. Chairman, my name is Anthony Ansara and I am a shareholder. I move that KPMG LLP be appointed auditors of the Corporation until the next Annual Meeting of the Shareholders of the Corporation, and that the Directors be authorized to fix their remuneration.

RH: Thank you, Anthony. May I have a seconder, please?

ANDREW ABELLA (AA): Mr. Chairman, my name is Andrew Abella and I am a shareholder. I second the Motion.

RH: Thank you very much, Andrew. The Resolution has been moved and seconded, and is now before the meeting for discussion. Are there any questions or comments on the appointment of our auditors?

If not, adoption of this Motion requires the favourable vote of a majority of the votes cast at the meeting. Management has received proxies that direct me to vote over 99% of the shares represented at this meeting by proxy in favour of the Resolution.

As the total number of votes in favour of this Motion is substantial, I propose to conduct the vote on this Motion by a show of hands unless someone requires a ballot. Would anyone require a ballot? If not, I'll call the Motion. All those in favour? Please signify by raising their hand. Contrary, if any? Thank you. I declare the Motion carried.

The final item of business today is the amendment to Norbord Stock Option Plan. As outlined on Page 18 of the Information Circular, we have proposed an amendment to Norbord Stock Option Plan to increase the number of common shares issuable under the plan from two million

to three million. The proposed amendment has been approved by the Board of Directors and has been pre-cleared by the Toronto Stock Exchange.

I would ask for someone to now move this Motion.

AL LEWIS (AL): Mr. Chairman, my name is Al Lewis and I am a shareholder. I move that the Resolution set out in Schedule A on Page 40 of the Management Proxy Circular dated March 1st, 2010 for the approval of an increase in the number of shares issuable under the Norbord Inc. Stock Option Plan be approved.

RH: Thank you, Al. May I have a seconder, please?

PHILLIS MARTICELLI (PM): Mr. Chairman, my name is Phillis Marticelli, and I am a shareholder. I second the Motion.

RH: Thank you, Phillis. The resolution has been moved and seconded and is now before the meeting for discussion. Are there any questions or comments related to the proposed amendment?

If not, approval of this Resolution requires the favourable vote of a majority of votes cast at the meeting by shareholders of the common shares, and hence a ballot will be taken on this Resolution.

Management has received proxies representing approximately 86% of the common shares and these proxies direct me to vote over 89% of such common shares in favour of the Resolution, hence the Motion will be carried. However, anyone who still wishes to cast a ballot may do so if they have not already done and may do so at this time. Would anyone require a ballot?

Since there are no further ballots to be collected from the audience, and since we have received proxies voting over 89% of the common shares represented by proxy in favour of the Motion, I hereby declare the Motion carried.

Ladies and Gentlemen, that completes the formal part of today's meeting. I will now call on Barrie Shineton, to review Norbord's activities. Barrie.

BARRIE SHINETON (BS): Thank you and good morning.

Before I begin, I'll remind you that we will be making forward-looking statements today.

There are three key messages in my remarks that I want to highlight.

First, the housing downturn has reached bottom and recovery is underway.

Second, the recovery will be drawn out and unpredictable. And finally, Norbord's performance was much improved last year, and this positive momentum is continuing.

We ended 2009 with breakeven EBITDA – that’s a \$60 million improvement over 2008. And we improved our earnings loss by \$57 million over the prior year.

While negative earnings are never acceptable, I am encouraged by our results – especially considering that 2009 was the worst year in recent history for housing.

Our first quarter results are much better than both Quarter 4 and the first quarter last year. However, they are not as good as OSB prices might suggest.

Severe weather in January and February negatively impacted production and costs at almost all our operations.

Log shortages in the US South led to unscheduled curtailments and delayed our planned return to full production at other mills.

And in the UK, we experienced similar operating challenges as we dealt with the heaviest snow accumulation in 40 years.

Still, our First Quarter was better than we had planned.

The weather issues are behind us, and we are now taking full advantage of the higher prices as we move into Quarter 2.

We believe Norbord’s overall OSB market share now exceeds

20%. This is in large part due to a sales strategy that focused on non-construction customers – like home centres and industrial end users. This strategy was very effective in limiting our exposure to cyclical new home construction.

I am pleased to report that our home centre and industrial sales continued to grow every year through the housing downturn.

You can see on this slide that these two market segments represent 60% of our volume.

All of this business goes to six customers and all are national leaders in their markets.

Clearly, our home centre and industrial business has carried us through the worst of this cycle. But, it will be new home construction that drives our recovery.

We sell to national pro dealers that service home builders. And it’s this distribution channel that was most significantly impacted by the downturn. By our count, more than 1,000 distribution yards have closed.

Our pro dealer partners are all leading industry names that have survived the consolidation process. We have worked with them to put programs in place that save builders time and money.

We now offer a broader range of specialty products. We've tightened up on quality and improved our packaging. And, we've expanded our environmental certification programs.

So far, so good.

In the first quarter, our sales to pro dealers increased 50%, our value added products were up 60%, and our overall OSB shipments rose 12%.

I believe the shape of the OSB industry has been altered permanently. There are 67 OSB mills on this slide.

Public announcements give us some confidence that the 13 mills represented by the red circles are likely to remain closed.

The 13 orange circles are "mothballed" mills. There are costs and risks associated with bringing this capacity back too early. And, we believe most are unlikely to re-start until there is more solid evidence of a sustainable recovery. This includes our mills in Texas and Alabama. And we have no plans to re-start those mills this year.

There have been similar permanent closures in the plywood industry.

So when you look at the structural panel business as a whole, it means that we don't need housing to return to 1.5 million starts to deliver stronger results.

OSB prices have improved recently.

The price momentum we saw in Quarter 4 has carried into this year. In fact, the OSB benchmark price averaged \$40 higher in Quarter 1. And we were selling at over \$300 last week.

All of this improvement is welcome, but at the same time I'm cautious. I don't expect prices to remain at these high levels for the rest of the year. Markets are likely to remain volatile.

Demand will respond unpredictably to any uneven housing news. And supply will vary as OSB mills add and drop shifts for economic reasons.

Our leadership team in Europe had the advantage of observing the housing downturn unfold in North America, before they faced similar challenges.

The decline that took two years here happened in less than six months in Europe. Our team there was well prepared. They implemented \$23 million in margin improvements. Cut overhead costs by 20%. Curtailed their mills to conserve cash and manage inventory, and, strengthened relationships with key customers.

By taking these early actions, our European business delivered EBITDA of \$17 million last year, and that was better than expected.

In fact, these mills have remained EBITDA positive in each of the past five years, averaging \$34 million annually.

I want to recognize and thank the team in Europe for their hard work.

We believe our European business will rebound more quickly than North America for two reasons. First, in the UK we are less reliant on a housing industry recovery. You will recall, that in addition to OSB, we also make particleboard and MDF. And we are a large kitchen supplier to home centres.

These products are primarily used in repair and remodeling and this business segment held up very well through the downturn.

Second, our mills are located in the UK rather than on the Continent. And that's an important advantage for several reasons.

The underlying housing fundamentals are stronger in the UK. There is a systemic lack of housing and this pent up demand continues to grow. And there are no large inventories of unsold homes.

Housing starts are forecast to increase this year by 25%, and we are already seeing this improvement develop in Quarter 1.

The weaker pound is another very important factor, and a real benefit to our business. It creates both new sales opportunities in the UK and allows us to expand our exports into the Continent.

Norbord's solid performance in the UK and Europe suggests our commitment to geographic diversification is working. And, we fully expect this business to continue providing earnings support as the North American recovery gains momentum.

Last year I told you that Norbord's safety performance remained a priority, and that our results were improving. I am pleased to report that 2009 was the best year in our history. Our recordable rate places us amongst the safest companies in the industry. This is a superb achievement under difficult circumstances.

I am proud of what our people have accomplished, and I really appreciate their effort.

I would now like to touch on our balance sheet.

Norbord has a track record of taking difficult decisions early. In 2008, we acted aggressively to amend our bank lines, strengthen our balance sheet and curtail operations.

We know these actions were difficult for shareholders and our employees. But, they were necessary, and they have been effective.

Today, our financial ratios are stable. We are comfortable with our liquidity and we are operating well within our financial covenants.

There is a recent development that I want to touch on before wrapping up today.

A few weeks ago, Brookfield reduced its investment in our company through a secondary offering.

You will recall that Brookfield's investment in Norbord rose well above historic levels following their support of our rights offering in 2008.

I view their recent ownership level adjustment positively, as it increases the number of shares in our trading float available to new investors.

Brookfield remains a very supportive shareholder.

Housing news in the coming months, will likely be fragmented and uneven. But the recovery is happening.

The government stimulus initiative that targeted housing and home buyers has been helpful.

Low prices and low mortgage rates have made homes more affordable than ever before. And, we are starting to see signs of buyer interest in re-entering the market.

Experts are now forecasting US housing at just under 700,000 starts this year. That's a 20% improvement.

And, we are already seeing a 17% improvement in the annualized pace in the first quarter.

In closing, I remain confident that the demographic realities of immigration, new household formations, and replacement homes will eventually push demand back to the long term average of 1.5 million.

Until then, we will continue to improve our mills, keep our costs down and strengthen customer relationships as we plan for a business recovery that will really take hold in 2011.

Thank you for your continued support, and I look forward to reporting on our progress again next year.

Robin and I will be pleased to take your questions.

If there are no questions, I'll turn the meeting back over to Bob.

RH: Thank you Barrie. Ladies and gentlemen, if there are no questions or comments, I would like to thank you for your participation here today. I hope you found Barrie's remarks informative.

The management and directors will be around after the meeting if you wish to just catch them in a more informal manner, we would be pleased to chat with you.

May I have a Motion now to terminate the meeting, please?

DOUG McNEILL (DM): Mr. Chairman, my name is Doug McNeill. I am a shareholder. I move that we terminate the meeting.

RH: Thank you very much Doug. May I have a seconder, please?

MICHAEL LABENSKI (ML): Mr. Chairman, my name is Michael Labenski. I am a shareholder, and I second the Motion.

RH: Thanks Mike. You have heard the Motion. All in favour? Contrary, if any? The Motion is carried.

Thank you very much.