NORBORD INC.

Annual Information Form

March 1, 2010

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Unless otherwise noted, all information contained in this Annual Information Form ("AIF") is as at December 31, 2009.

All dollar amounts in this AIF are in US dollars unless otherwise specified.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This AIF 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 US, Europe, Canada and globally; (2) risks inherent to product concentration; (3) effects of competition and product pricing pressures; (4) outcome of the OSB class action lawsuits; (5) risks inherent to 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 which 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. was formed under the Canada Business Corporations Act on December 31, 1998 by the amalgamation of Noranda Forest Inc. and NFI Forest Holdings Ltd. The Company 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. and changed its name from Nexfor Inc. to Norbord Inc. The Company filed Articles of Amendment on October 16, 2009 in connection with its one for ten share consolidation effective the same date.

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 its hardwood plywood 50/50 joint venture, True North Hardwood Plywood Inc., and "Company" means Norbord Inc. as a separate corporation, unless the context implies otherwise.

"Brookfield" means collectively, Brookfield Asset Management Inc. and its consolidated subsidiaries and affiliates, a related party, by virtue of a controlling equity interest in the Company.

All references to Common Share and per Common Share data for all periods presented in this form have been adjusted to reflect the Common Share consolidation, except on page 19 – Market for Securities where actual share trading prices are presented.

Norbord is an international producer of wood-based panels with approximately 1,950 employees and 14 plant locations in the United States, Europe and Canada. Norbord has assets of $1.0 billion, net sales of approximately $0.7 billion, and is one of the world's largest producers of oriented strand board ("OSB"). In addition to OSB, Norbord manufactures medium density fibreboard (MDF), particleboard and related value-added products. Norbord also has a 50% joint venture interest in one hardwood plywood mill.

At March 1, 2010 Brookfield owned approximately 73% of the outstanding Common Shares of the Company.

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 LLC	Delaware	100%	12/31/2008
Norbord Industries Inc.	Ontario	100%	08/24/1988
Norbord Limited	United Kingdom	100%	03/22/1995
Norbord Minnesota Inc.	Delaware	100%	12/20/2006
Norbord Mississippi LLC	Delaware	100%	12/31/2008
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 2007-2010

On November 6, 2009, the Company completed the sale of its non-core MDF mill in Deposit, New York for proceeds of $2 million.

Effective October 16, 2009, the Company implemented a share consolidation on the basis of one post-consolidated Common Share for every ten pre-consolidated Common Shares. Norbord's Common Shares began trading on a post-consolidated basis on the Toronto Stock Exchange on October 21, 2009. As a result of the share consolidation, the Company's outstanding warrants were adjusted. Ten whole Common Share purchase warrants now entitle the holder to purchase one post-consolidation Common Share at a price of CAD $13.60 at any time prior to December 24, 2013. Outstanding stock options and deferred share units were also proportionately adjusted.

In April 2009, Norbord completed bank line amendments to extend the term to May 2011 and revise financial covenants. The amended quarterly financial covenants are: minimum tangible net worth of $250 million and maximum net debt to total capitalization, book basis of 70%. Effective January 1, 2011, the maximum debt to capitalization on a book basis covenant will be reduced to 60%. The amended bank lines are secured by a first lien on the Company's North American OSB inventory and property, plant and equipment. This lien is shared pari passu with holders of the 2012 and 2017 bonds and with the Brookfield debt facility. The aggregate commitment was reduced from $235 million to $205 million.

Concurrent with the bank line amendments, Norbord revised its debt facility with Brookfield. The facility was reduced from $100 million to $50 million, matures in June 2011, and is subordinated to the bank lines. Any drawings under the facility are included in tangible net worth for covenant purposes.

In January 2009, Norbord announced indefinite curtailments would be taken at its OSB mills in Huguley, Alabama and Jefferson, Texas to contain costs and manage operating working capital. The two mills represent approximately 20% of Norbord's annual OSB production capacity in North America.

In January 2009, Norbord and Kruger Inc., through its 100% owned subsidiary Longlac Wood Industries Inc. formed a 50/50 joint venture hardwood plywood business. The new company, True North Hardwood Plywood Inc., owns and operates Norbord's former hardwood plywood mill in Cochrane, Ontario.

On December 24, 2008 Norbord completed the initial subscription under the previously announced rights offering whereby 11.0 million units comprising 11.0 million Common Shares and 54.8 million warrants were issued for gross proceeds of $79 million (CAD $96 million). Under a Standby Purchase Agreement, Brookfield purchased an additional 16.3 million Common Shares and 81.5 million warrants for gross proceeds of $120 million (CAD $144 million) on January 6, 2009.

On November 10, 2008, Norbord announced that its Board of Directors had suspended the quarterly dividend. This decision was made in response to the unprecedented financial market turmoil and uncertainty regarding the near-term recovery of US housing starts. The dividend suspension saves the Company approximately $56 million on an annual basis or $14 million per quarter, based on the average exchange rate in effect during 2008. The last dividend payment before the suspension was made on December 21, 2008 to shareholders of record on December 1, 2008.

In November 2008, Norbord announced initiatives to strengthen its balance sheet, including suspending quarterly dividend payments and raising CAD $240 million through a rights offering. In conjunction with these initiatives, Norbord reached an agreement with its lenders to amend the terms under its revolving bank lines.

In October 2008, the US Environmental Protection Agency's Maximum Achievable Control Technology (MACT) regulations designed to reduce hazardous air emissions, became effective. The new standards apply to more than 200 mills manufacturing plywood, OSB, MDF, particleboard and other wood composite panels. Norbord's mills are in compliance with the MACT regulations.

In May 2008, Norbord entered into settlement agreements related to an antitrust litigation lawsuit to limit the risks and costs associated with a prolonged trial. Norbord vigorously contests the plaintiffs' allegations and continues to vehemently deny that it violated US antitrust or any other laws. Under the terms of the settlement agreements, in 2008, Norbord paid $30 million into an escrow account for the benefit of members of the direct purchaser class and $2 million into an escrow account for the benefit of members of the indirect purchaser classes.

In March 2008, Norbord permanently closed its particleboard line at Genk, Belgium, which utilized older technology and had been considered non-core at the time the site was acquired in 2004.

In February 2008, Norbord completed a tender offer and consent solicitation for its 8-1/8% Debentures due March 2008 pursuant to which a wholly-owned subsidiary acquired and holds those debentures.

During 2007, Norbord ramped up the second line at its Cordele, Georgia OSB mill to 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 OSB production capacity, increasing Norbord's North American OSB capacity by 15%.

During 2007, Norbord completed biomass energy installations at Genk, Cowie and Nacogdoches.

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 2008, the facility was increased to $85 million.

In July 2007, Norbord increased its committed 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 $8^1/_8$% debentures due 2008.

DESCRIPTION OF THE BUSINESS

Principal Products and Markets

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. In general, the business is affected by the level of housing starts, the level of home repairs, the availability and cost of financing, changes in industry capacity, changes in raw material prices, changes in foreign exchange rates, primarily the Canadian dollar, British pound and Euro currencies, and other operating costs.

Products are primarily sold to major retail chains, contractor supply yards, industrial users and wholesale distributors. Some mill products are sold to industrial customers for further processing or as components for other products (e.g., upholstered furniture). Norbord OSB products are sold in North America under the following trademarks: Pinnacle® and Stabledge® (premium flooring), Truflor™ (commodity flooring), Tallwall®, Trubord™ and Windstorm™ (wall sheathing) and SolarBoard™ (radiant barrier sheathing). In Europe, Norbord products are sold under the trademarks SterlingOSB® (OSB), Caberwood MDF® (MDF), Conti® and Caberboard® (particleboard).

The Company operates in North America and Europe. Net sales by geographic segment are determined based on the origin of shipment. In 2009 and 2008, 57% of Norbord's sales originated from North America and 43% from Europe.

North America is the principal market destination for Norbord's products. In 2009 and 2008, Norbord's panel shipments by volume originated as follows:

	2009	2008
North American OSB	68%	70%
European panels	30%	27%
North American MDF and hardwood plywood	2%	3%
Total	100%	100%

OSB is used principally for sheathing, flooring and roofing in home construction. OSB production currently represents approximately 60% 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. Norbord's particleboard is used primarily in flooring and other construction applications. MDF applications include cabinet doors, moldings and interior wall paneling.

Principal Operating Interests

Information regarding Norbord's estimated annual production 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. Factors such as 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.

(unaudited)	**Estimated Annual Capacity at Year-End**	**Production**	
	2009	**2009**	**2008**
OSB (MMsf-3/8")			
Bemidji, Minnesota	**470**	**468**	421
Cordele, Georgia	**990**	**710**	861
Genk, Belgium	**260**	**238**	230
Guntown, Mississippi	**450**	**345**	348
Huguley, Alabama (1)	**500**	**51**	398
Inverness, Scotland	**350**	**296**	320
Jefferson, Texas (1)	**415**	**-**	281
Joanna, South Carolina	**500**	**313**	345
La Sarre, Quebec	**375**	**231**	234
Nacogdoches, Texas	**380**	**355**	380
Val-d'Or, Quebec	**340**	**207**	210
	5,030	**3,214**	4,028
Particleboard (MMsf-3/8")			
Cowie, Scotland	**380**	**265**	286
South Molton, England	**225**	**185**	175
	605	**450**	461
MDF (MMsf-3/8")			
Cowie, Scotland	**380**	**282**	321
Deposit, New York (2)	**-**	**72**	116
	380	**354**	437
Plywood (MMsf-3/8")			
Cochrane, Ontario (3)	**80**	**65**	51

(1) In January 2009, Norbord announced that indefinite curtailments would be taken at its OSB mills in Huguley and Jefferson to contain costs and manage operating working capital across the Company. Combined, these mills represent 915 MMsf-3/8" of annual production capacity.

(2) In November 2009, Norbord sold its MDF line at Deposit.

(3) In January 2009, Norbord and Kruger Inc. formed a 50/50 joint venture hardwood plywood business. This business operates out of Norbord's former Cochrane location.

Norbord employs multi-opening press technology at its Minnesota, Georgia, Mississippi, and Texas OSB mills in the United States. 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. 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 equally across all employees 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. These mills are unionized.

Norbord's mill in Cowie, Scotland is a large operation with a continuous press MDF production line and a continuous press particleboard line. 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. These mills are unionized.

The Genk, Belgium facility had two independent production lines, which manufactured OSB and particleboard. The OSB line started up in 2001 and employs continuous press technology. The particleboard line was permanently closed in March 2008. The Genk mill purchases its wood fibre requirements on the open market from a combination of public and private sources in the region. The mill is unionized.

The Cochrane, Ontario plywood mill produces hardwood overlay plywood and was transferred into a 50/50 joint venture with Longlac Wood Industries Inc., a subsidiary of Kruger Inc., on January 30, 2009. The mill is unionized.

Manufacturing Inputs

Wood fibre, resin, wax and energy are the principal raw material inputs used in the production of Norbord's panel board products.

Wood Fibre

Norbord does not own any timberlands, and 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.

Norbord's wood fibre supply comes from several different sources. In the US, roundwood logs are primarily sourced from private and industry owned woodlands. 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, wood chips, sawdust and recycled wood. Norbord's Canadian mills hold forestry licences and agreements to source poplar and birch from Crown timberland in Ontario and Quebec. Most of this volume is harvested and delivered by third parties that also hold licences to operate in these areas.

Resin and Wax

Resin and wax input costs are influenced by changes in the prices of raw materials used to produce resin, primarily petroleum products, as well as demand and availability for resin and wax products.

Energy

Norbord's manufacturing processes generate residual wood material that cannot be used in the final product. This material can be used as a biomass fuel to produce heat and, in some cases, electricity used in the manufacturing process. Approximately 80% of Norbord's total manufacturing energy needs and all of Norbord's OSB process heat requirements are met with biomass fuel.

Norbord also procures electricity and natural gas for its manufacturing and air emissions control processes. Energy prices have experienced significant volatility in recent years, particularly in deregulated markets. In 2008, approximately 40% of Norbord's natural gas consumption was used to generate electricity and process heat at Norbord's Cowie operations. An additional 30% was used to operate air emissions control equipment in Norbord's US plants.

Seasonality and Cyclicality of Business

Norbord's business is subject to seasonal variances, with greater demand for many of the Company's products during the peak building season in the spring and summer months.

OSB is a cyclical commodity business and demand for building materials is closely tied to the relative strength and weakness of home building activity.

Competitive Conditions

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.

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 performs contract work at a number of industry-wide organizations including Forintek Division of FP Innovations and the Alberta Research Council.

Environment, Health and Safety

Norbord's Environment, Health and Safety Policies are available on Norbord's website at www.norbord.com.

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 conducts audits on its operations on a regular schedule to ensure continuing high standards of performance.

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.

The Kyoto Accord has been ratified in Canada and Europe. The US government chose not to ratify the Accord, but has been moving forward on the development its own greenhouse gas reduction plans in 2009 and 2010. Canada has not yet finalized regulations to reduce greenhouse gas emissions; however, the regulatory initiatives currently under discussion should not significantly 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 £15 million tax and energy efficiency cost savings.

A "cap and trade" carbon trading program was also rolled out across Europe in 2005. Biomass and CHP (combined heat and power) energy generating units at Norbord's Genk mill and the Cowie MDF plant have benefited the European mills' ability to comply with energy efficiency targets and have resulted in a surplus of carbon credits across Norbord's European business. In 2009, these credits were traded on the BlueNext Environmental exchange resulting in approximately £1 million in additional income. A similar surplus of carbon credits should be available for trade in 2010.

Norbord participates in both the *Sustainable Forestry Initiative®* program and the Forest Stewardship Council (FSC) forest certification program. See the Company's Environment, Health and Safety Report located on Norbord's web site at www.norbord.com for more information.

Human Resources

Norbord's corporate head office is in Toronto, Canada. Norbord employs approximately 1,950 people at its operations in the US, Europe and Canada. Approximately 45% of these employees are represented by labour unions.

RISKS OF THE BUSINESS

Norbord is exposed to a number of risks and uncertainties in the normal course of its business that could have a material adverse effect on the Company's business, financial position, operating results and cash flows. A discussion of some of the major risks and uncertainties follows.

Product Price Sensitivities

OSB accounts for almost 85% 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 on OSB increases its sensitivity to product pricing and may result in a high degree of sales and earnings volatility.

Norbord's financial performance is principally dependent on the selling price of its products. Most of Norbord's products are globally traded commodities for which no liquid futures markets exist. The markets for most of Norbord's products are highly cyclical and characterized by periods of supply and demand imbalance during which its product prices have tended 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 sale 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 production downtime to manage working capital and minimize cash losses.

Based on operating at full capacity, the following table shows the approximate annualized impact of changes in product prices on EBITDA.

	Sensitivity Factor	Impact on EBITDA (US$ millions)
OSB – North America	\$10 per Msf–7⁄16"	36
OSB – Europe	€10 per m^3	7

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, availability of key production inputs, 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. In 2009, Norbord had two customers whose purchases represented greater than 10% of total net 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' abilities to exert pricing pressure on Norbord.

Manufacturing Inputs

Norbord is exposed to commodity price risk on most of its manufacturing inputs, comprised principally of 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 hedge the purchase price of manufacturing inputs or pass increased costs through to its customers.

Fibre Resource

As Norbord does not own any timberlands, it purchases timber, wood chips and fibre as well as other wood recycled materials on the open market in competition with other users of such resources where prices are influenced by factors beyond Norbord's control. Adverse weather can also limit access to logging areas, which can affect the supply of fibre to Norbord's operations.

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 wood chips and sawdust from local sawmills. In Europe, wood fibre is purchased from government and private landowners. Fibre for OSB comes from roundwood logs while the MDF and particleboard mills source fibre in the form of roundwood logs, wood chips, sawdust and recycled wood. Norbord's Canadian mills hold forestry licences and agreements to source poplar and birch from Crown timberlands in Ontario and Quebec. Most of this volume is harvested and delivered by third parties that also hold licences to operate in these areas.

The Crown licences require the payment of stumpage fees for the timber harvested, and compliance with specified rehabilitation and silvicultural management practices. The licences cover periods ranging from 20 to 25 years and are renewed or extended every 5 years. They can be revoked or cancelled for non-performance and contain terms and conditions that could, under certain circumstances, result in a reduction of annual allowable timber that may be harvested by Norbord without any compensation.

Labour Relations

Norbord's US employees are non-unionized while its UK and 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.

In 2009, a new seven-year agreement expiring June 30, 2016, was negotiated with the Communications, Energy and Paperworkers Union representing members at the La Sarre, Quebec OSB mill. In 2008, a new five-year agreement expiring December 31, 2012, was negotiated with the Teamsters union representing members at the Val-d'Or, Quebec, OSB mill. Strikes or work stoppages could result in lost production and sales, higher costs or supply constraints if Norbord is unable to negotiate acceptable contracts with its various trade unions upon expiry.

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. 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. Norbord has incurred, and expects to continue to incur, capital expenditures and operating costs to comply with applicable environmental laws and regulations. In addition, environmental laws and regulations could become more stringent in the future.

Product Liability

Norbord produces a variety of wood-based panels that are used in new home construction, repair and remodeling of existing homes, furniture and fixtures, and industrial applications. In the normal course of business, the end users of Norbord's products have in the past made, and could in the future make claims with respect to the fitness for use of its products, to product quality or to performance issues. Norbord 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, that are not insurable events. If such an event occurs, Norbord may need to curtail production or incur increased fibre or other costs.

Capital Intensity

The production of wood-based panels is capital intensive. 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 equipment and the associated downtime of the affected production line may not be an insurable event.

Tax Exposures

Norbord takes various tax filing positions in the normal course of business and there can be no assurance that tax authorities will not challenge such filing positions. In addition, Norbord is subject to further uncertainties concerning the interpretation and application of tax laws in various operating jurisdictions. 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. However future settlements could differ materially from the Company's 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.

Norbord's foreign exchange exposure arises from the following sources:

- Net investments in self-sustaining foreign operations, limited to Norbord's investment in its European operations
- Net Canadian dollar-denominated monetary assets and liabilities
- Committed or anticipated foreign currency transactions, primarily Canadian dollar costs in Norbord's Canadian operations and Euro revenues in Norbord's UK operations

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, 2010 there were 43,188,736 million Common Shares outstanding.

Effective October 16, 2009, the Company implemented a share consolidation on the basis of one post-consolidated Common Share for every ten pre-consolidated Common Shares. Norbord's Common Shares began trading on a post-consolidated basis on the Toronto Stock Exchange on October 21, 2009. No fractional shares were issued. As a result of the share consolidation, ten whole Common Share purchase warrants entitle the holder to purchase one Common Share at a price of CAD $13.60 at any time prior to December 24, 2013. As of March 1, 2010 there were 136,272,465 million warrants outstanding.

Under the rights offering announced in November 2008, Norbord issued 11.0 million Common Shares and 54.8 million warrants under the initial subscription which closed on December 24, 2008 and 16.3 million Common Shares and 81.5 million warrants under the standby commitment concluded on January 6, 2009.

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 are 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, 2010, Norbord had issued and outstanding senior debt securities as follows:

- $240 million of 7.25% debentures due July 1, 2012.
- $200 million of 7.95% senior notes due February 15, 2017.

The 7.95% senior notes were issued to early refinance Norbord's $197 million $8^{1}/_{8}$% 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 Company's long-term issuer credit ratings at March 1, 2010:

Rating Agency	Rating	Outlook
Standard & Poor's Ratings Services, Inc. ("S&P")	BB-	Negative
Moody's Investors Service, Inc. ("Moody's")	Ba3	Negative
DBRS Limited ("DBRS")	BB	Negative

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 BB is the fifth highest of ten major categories, and debt securities rated BB are defined to be speculative and non-investment grade. The degree of protection afforded interest and principal is uncertain, particularly during periods of economic recession. Entities in the BB range typically have limited access to capital markets and additional liquidity support. In many cases, deficiencies in critical mass, diversification and competitive strength are additional negative considerations. 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

On November 10, 2008, Norbord announced that its Board of Directors had suspended the quarterly dividend. This decision was made in response to the unprecedented financial market turmoil and uncertainty regarding the near-term recovery of US housing starts. The dividend suspension saves the Company approximately $56 million on an annual basis or $14 million per quarter, based on the average exchange rate in effect during 2008. The last dividend payment before the suspension was made on December 21, 2008 to shareholders of record on December 1, 2008.

The Company paid a quarterly dividend of CAD $0.10 per Common Share from the fourth quarter of 1990 to the fourth quarter of 2008 and a special dividend of CAD $1.00 per share in each of 2004, 2005 and 2006.

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)	**2009**	**2008**	**2007**
Cash distribution	$ -	$33	$32
Share distribution	-	23	23
Total dividends on Common Shares	$ -	$56	$55

MARKET FOR SECURITIES

Common Shares

The Company's Common Shares trade on the Toronto Stock Exchange ("TSX") under the symbol NBD. Effective October 16, 2009, the Company implemented a share consolidation on the basis of one post-consolidated common share for every ten pre-consolidated Common Shares. Norbord's Common Shares began trading on a post-consolidated basis on the Toronto Stock Exchange on October 21, 2009.

In 2009, the Company's Common Shares traded in a range between CAD $0.56 and CAD $2.18 per share on a pre-consolidated basis and CAD $12.04 and CAD $16.29 on a post-consolidated basis, ending the year at CAD $14.66.

CAD $	Common Shares			
Month	**High**	**Low**	**Close**	**Volume**
January	$ 0.76	$ 0.60	$ 0.65	6,244,895
February	0.68	0.58	0.63	4,598,201
March	0.78	0.56	0.68	7,742,681
April	1.31	0.65	1.30	16,337,269
May	1.75	1.32	1.60	10,188,875
June	1.65	1.14	1.35	4,531,019
July	1.35	0.89	1.05	16,750,748
August	1.80	1.09	1.51	13,213,348
September	2.18	1.45	1.77	11,350,249
October 1 – 20	1.78	1.45	1.53	4,460,783
October (1) 21 – 31	16.29	14.66	14.89	496,715
November	14.71	12.04	12.55	1,731,730
December	14.90	12.53	14.66	752,120

(1) Norbord's Common Shares began trading on a post-consolidated basis on the Toronto Stock Exchange on October 21, 2009.

Warrants

The Company's warrants trade on the TSX under the symbol NBD.WT. The warrants began trading in January 2009. As a result of the share consolidation, ten whole Common Share purchase warrants entitle the holder to purchase one Common Share at a price of CAD $13.60 at any time prior to December 24, 2013.

DIRECTORS AND SENIOR EXECUTIVE OFFICERS

Directors

The Directors of the Company are set out below. They hold office until the next annual meeting of shareholders or until their successors are elected or appointed.

Name and Location of Residence	Position and Office Held	Principal Occupation	Director Since
JACK L. COCKWELL (3)(4) Toronto, Ontario, Canada	Director	Group Chair, Brookfield Asset Management Inc.	1987
DIAN N. COHEN (1)(2)(3)(4) Toronto, Ontario, Canada	Director	Corporate Director and Economics Consultant	1987
PIERRE DUPUIS (1)(3)(4) Sutton, Quebec, Canada	Director	Corporate Director	1995
GORDON E. FORWARD (1)(3)(4) San Diego, California, USA	Director	Corporate Director	1995
DOMINIC GAMMIERO (3) (4) Mississauga, Ontario, Canada	Director	Managing Partner, Tricap Partners Ltd.	1998
ROBERT J. HARDING (2)(3)(4) Toronto, Ontario, Canada	Director and Chair	Chair, Brookfield Asset Management Inc.	1998
NEVILLE W. KIRCHMANN (1)(2)(3)(4) Toronto, Ontario, Canada	Director	President, Kirchmann Holdings Ltd.	2007
MARGOT E. NORTHEY (2)(3)(4) Victoria, British Columbia, Canada	Director	Corporate Director	2000
J. BARRIE SHINETON Toronto, Ontario, Canada	Director, President and Chief Executive Officer	President and Chief Executive Officer, Norbord Inc.	2004

(1) Member of the Audit Committee. Mr. Dupuis is Chair of the Committee.
(2) Member of the Corporate Governance and Nominating Committee. Ms. Cohen is Chair of the Committee.
(3) Member of the Environmental, Health & Safety Committee. Dr. Northey is Chair of the Committee.
(4) Member of the Human Resources Committee. Mr. Cockwell is Chair of the Committee.

All of the Directors have held their principal occupations shown in the above table for the past five years, except for Mr. Gammiero, who became a Managing Partner of Tricap Partners Ltd. in 2007. In addition, Mr. Gammiero was the President and CEO of Western Forest Products Inc. from November 2008 to June 2009. Prior to these roles, he was President and Chief Executive Officer of Fraser Papers Inc. from 2004 to 2007.

Cease Trade Orders, Bankruptcies, Penalties and Sanctions

Mr. Gammiero is a director of Fraser Papers Inc., which filed for protection from its creditors under the Companies' Creditors Arrangement Act in 2009. Messrs. Cockwell and Harding and Dr. Northey served as directors of Fraser Papers Inc. from 2004 to April 2009.

Senior Executive Officers

The senior executive officers of the Company, are shown in the following table:

Name and Location of Residence	Current Office and Principal Occupation	Year Appointed
ROBERT J. HARDING Toronto, Ontario, Canada	Director and Chair Chair, Brookfield Asset Management Inc.	1998
J. BARRIE SHINETON Toronto, Ontario, Canada	President and Chief Executive Officer	2004
ROBIN E. LAMPARD 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

For those senior executive officers of the Company appointed to their current positions within the past five years, their prior positions during this period were as follows.

Ms. Lampard was appointed Senior Vice President and Chief Financial Officer effective February 15, 2008. Prior thereto, she held the position of Vice President, Treasurer from 2002 to 2008.

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.

As at March 1, 2010, the Directors and senior executive officers of the Company as a group directly own or exercise control or direction over 134,539 Common Shares of the Company (representing less than 1%) and over none of the voting securities of any of the Company's subsidiaries.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as set out below, 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. The following transactions have occurred between the Company and Brookfield during the normal course of business:

Rights Offering

In connection with the Rights Offering (see Capital Structure on page 14 of this AIF), the Company entered into a Standby Purchase Agreement with Brookfield, in which Brookfield agreed to exercise all of its rights and to purchase any units not otherwise subscribed for by other shareholders of the Company. In December 2008, Brookfield paid $72 million (CAD $87 million) to purchase 9.9 million Common Shares and 49.6 million warrants through their basic subscription privilege which increased their ownership interest to approximately 60% of the Company's issued and outstanding Common Shares. In January 2009, Brookfield paid $120 million (CAD $144 million) to acquire 16.3 million Common Shares and 81.5 million warrants under the Standby Purchase Agreement, increasing their ownership interest to approximately 75%. In January 2009, a standby fee of $2 million was paid to Brookfield and was based on 1% of the gross proceeds of the Rights Offering.

Brookfield Debt Facility

In 2008, the Company concluded a $100 million debt facility with Brookfield. In conjunction with the revolving bank line amendments concluded in April 2009 (see General Development of the Business on page 6 of this AIF) the facility commitment was reduced to $50 million and the term was extended to June 2011.

Dividend Reinvestment Plan (DRIP)

In 2008, Brookfield elected to receive all of its dividends totalling $21 million (2007 – $20 million) as Common Shares which were distributed under the Company's DRIP. The DRIP permits Canadian shareholders to elect to receive dividends as Common Shares.

MATERIAL CONTRACTS

Norbord has entered into the following material contracts, other than in the ordinary course of business:

1. Trust Indenture dated March 1, 2001 and Second Supplemental Indenture dated July 2, 2002 between Nexfor Inc. and Computershare Trust Company of Canada relating to the issuance of 7.25% Debentures due July 1, 2012.

2. Trust Indenture dated February 14, 2007 between Norbord (Delaware) GP I, Norbord Inc., and Computershare Trust Company N.A., relating to the issuance of 6.450% Notes due February 15, 2017.

3. Warrant Indenture dated December 24, 2008 between Norbord Inc. and CIBC Mellon Trust Company.

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 A.

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 a Corporate Director. From 1999 to 2005 Mr. Dupuis was the Vice President, Chief Operating Officer of Dorel Industries Inc., a global consumer product company. Prior to his appointment at Dorel, Mr. Dupuis was President and COO of Transcontinental Inc., a Canadian printing and publishing company. In addition to his role on the Norbord Board, Mr. Dupuis is a trustee of Great Lakes Hydro Income Fund. Mr. Dupuis' areas of expertise are business management, accounting, governance, marketing and human resources.

Ms. Cohen is a Corporate Director and an Economics Consultant and the author of a number of books on government, personal money management and social policy issues. Ms. Cohen is the recipient of many literary awards, as well as the Order of Canada. In addition to her role on the Norbord Board, Ms. Cohen is a Director of Dorel Industries Inc., a trustee of Great Lakes Hydro Income Fund. Ms. Cohen's areas of expertise are economics, communications, and governance.

Dr. Forward is a Corporate Director. From 1998 to 2000, Dr. Forward was Vice Chair of Texas Industries Inc. Prior to that, he was President and Chief Executive Officer of the Chaparral Steel Company from 1982 to 1998. In addition to his role on the Norbord Board, Dr. Forward is a Director of Texas Industries Inc. Dr. Forward is also Chair Emeritus of the United States Business Council for Sustainable Development. Dr. Forward's areas of expertise are business management, governance, environment, accounting, and executive compensation.

Mr. Kirchmann is President and a Director 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. In addition to his role on the Norbord Board, Mr. Kirchmann is a

Director of Fibre Connections Inc. Mr. Kirchmann's areas of expertise are governance, finance, marketing and operations.

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 2009, Norbord paid a total of $1.1 million (2008 – $1.1 million) to the Company's auditors for all services. The following provides details on these billings:

Audit Fees

Norbord paid $0.6 million to the Company's auditors (2008 – $0.7 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 in 2009 (2008 – less than $0.1 million) for audit-related services. Audit-related services in 2009 include audits of the Company's pension plans, special purpose non-statutory audits of divisions of the Corporation and comfort letters associated with regulatory filings.

Taxation Fees

Norbord paid $0.4 million to the Company's auditors (2008 – $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 2009 (2008 – nil).

INTERESTS OF EXPERTS

KPMG LLP have prepared the audit report on the audited consolidated financial statements of the Company as at December 31, 2009 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, 2010 contains additional information concerning the Company including Directors' and Officers' remuneration and indebtedness, principal holders of Common Shares and its stock option and share purchase plans. Additional financial information about the Company is included in Norbord's audited Consolidated Financial Statements and in the Company's Management's Discussion and Analysis for the year ended December 31, 2009.

These documents and additional information about the Company and its operations can be found on Norbord's web site at www.norbord.com or on SEDAR at www.sedar.com.

GLOSSARY

m^3: *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 – AUDIT COMMITTEE – TERMS OF REFERENCE

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 Company 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 Company. Management is responsible for the preparation, presentation and integrity of the financial statements and for establishing and maintaining the above noted 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) other releases containing information taken from the Company's financial statements prior to their release; and

   (b) to review the Company's financial reporting and accounting policies 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 Company's system of internal controls;

3. *External audit –*
   (a) to recommend to the Board, for shareholder approval, the external auditor to examine the Company'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 Company;
   (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 Company 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 Company and the external auditor in order to establish the independence of the external auditor;
   (f) to oversee the work of the external auditor, including the resolution of disagreements between management and the external auditors regarding financial reporting.
   (g) to communicate directly with the internal and external auditors.

4. *Risk management* – to review and monitor the Company'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 Company's financial reporting procedures and policies relating to compliance with 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 Company.

3. *Meetings –* The Committee will meet at least four 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 Company'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 Company'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 news release containing financial information taken from the Company's financial statements prior to the release of the financial statements to the public. The committee will satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.

7. *Approval of Audit and Non-Audit Services –* In addition to recommending to the Board the external auditor to examine the Company'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 Company on any aspect of its Audit Report of the Company's financial statements.

9. *Audit Partner Rotation* – The Committee will ensure that the lead audit partner assigned by the external auditor to the Company, as well as the independent review partner charged with reviewing the financial statements of the Company, 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 Company regarding accounting, internal accounting controls or auditing matters:

    (a) The Company 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 Company'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 Company's Code of Business Conduct prohibits any Director, officer or employee of the Company 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 Company;

    (b) Regular reports on outstanding litigation that could have a material effect on the Company;

    (c) An annual certificate of the CEO attesting that senior management of the Company have received and agreed to be bound by the Company'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 Company; and

    (f) An annual report on the Company's insurance coverage and costs.