

NOTE 13. RELATED PARTY TRANSACTIONS

In the normal course of operations, the Company enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The following transactions have occurred between the Company and its related parties during the normal course of business.

Other

The Company periodically purchases goods from or engages the services of Brookfield for various financial, real estate and other business advisory services. During the quarter, the fees for services rendered and the cost of goods purchased were less than \$1 million (2014 – less than \$1 million).

NOTE 14. GEOGRAPHIC SEGMENTS

The Company operates principally in North America and Europe. Sales by geographic segment are determined based on the origin of shipment and therefore include export sales.

	Q1 2015			
(US \$ millions)	North America	Europe	Unallocated	Total
Sales	\$ 149	\$ 110	\$ -	\$ 259
Adjusted EBITDA ¹	6	7	(3)	10
Depreciation	11	4	-	15
Investment in property, plant and equipment	9	1	-	10
Property, plant and equipment	668	120	-	788

	Q1 2014			
(US \$ millions)	North America	Europe	Unallocated	Total
Sales	\$ 168	\$ 135	\$ -	\$ 303
Adjusted EBITDA ¹	17	13	(3)	27
Depreciation	8	5	-	13
Investment in property, plant and equipment	11	4	-	15
Property, plant and equipment ²	671	129	-	800

¹ Adjusted EBITDA is earnings before finance costs, costs related to Ainsworth merger, income tax and depreciation.

² Balance as at December 31, 2014.

NOTE 15. MERGER WITH AINSWORTH

On December 8, 2014, the Company and Ainsworth entered into an arrangement agreement under which the Company would acquire all of the outstanding common shares of Ainsworth in an all-share transaction. The transaction was completed on March 31, 2015. Under the terms of the transaction, Ainsworth shareholders received 0.1321 of a share of the Company for each Ainsworth share pursuant to a plan of arrangement under the British Columbia *Business Corporations Act*. Based on the number of Ainsworth common shares outstanding as at March 31, 2015, 31.8 million Norbord common shares were issued to Ainsworth shareholders. Ainsworth's shares were delisted from the Toronto Stock Exchange on April 2, 2015 and Ainsworth is a now wholly-owned subsidiary of Norbord.

Prior to the completion of the transaction, Brookfield controlled approximately 52% and 55% of the outstanding common shares of the Company and Ainsworth, respectively, and now controls approximately 53% of the outstanding common shares of the Company. The Company expects to elect not to account for the transaction as a business combination under IFRS 3 *Business Combinations*, as the transaction represents a reorganization of entities under common control of Brookfield. Accordingly, the combination is expected to be done on a book value basis and no adjustments are expected to be made to reflect fair values or to recognize any new assets or liabilities of either entity.

NOTE 16. PRIOR PERIOD COMPARATIVES

Certain 2014 figures have been reclassified to conform with the current period's presentation.