J. Barrie Shineton
President & CEO

April 27, 2010

To our Shareholders,

I am encouraged by the continued improvement in Norbord's financial performance. Norbord's positive EBITDA result of $9 million in the first quarter is a $3 million improvement from the prior quarter and a $23 million improvement compared to last year. This better result largely reflected stronger than expected North American OSB prices.

However, I do recognize that our results in the quarter did not meet analysts' expectations. This is because we were not able to translate all of the $40 increase in quarter-over-quarter OSB prices into earnings.

I am reluctant to point to weather as the reason for our performance variability in the first quarter. However, it is a fact that Norbord experienced some extremely difficult weather conditions in January and February across much of our operating geography. Persistent rain across the US South and record snowfall in the UK restricted log supply and led to significant company-wide curtailments and higher manufacturing costs. In the UK, panel sales stalled as building sites froze up and customers stayed home. Taken together, these issues negatively impacted EBITDA by approximately $10 million in the quarter.

These weather issues eased in March and are now largely behind us. Panel prices, especially in North America, continue to rise and our financial results in April are already much improved. We anticipate reporting stronger results in the second quarter and we believe that 2010 overall will be a better year.

However, I must caution that we will need to see a more meaningful recovery in US housing activity before this recent OSB price improvement trend is sustained longer term. High unemployment and home foreclosures, particularly in the US, remain an issue. For these reasons, we expect the recovery to be protracted and uneven.

Nevertheless, I do believe a housing recovery in both North America and Europe is underway. The government stimulus initiatives that targeted housing and home buyers have been helpful. Low home prices and attractive mortgage rates continue to make housing very affordable and there are clear signs that home buyers are re-entering the market. In the US, experts are forecasting 2010 housing starts of 0.6 million to 0.7 million, a 20% improvement from the low point in 2009. Housing in the UK is also recovering, with a 25% improvement forecast for the year.

Norbord

I remain confident that the demographic realities of immigration, new household formations and replacement homes will eventually push housing demand back above the long-term average of 1.5 million starts. In the meantime, we will continue to improve the operating performance of Norbord's mills, keep costs down and strengthen customer relationships as we plan for a business recovery that will gain traction in 2011.

I look forward to reporting on our progress throughout the year.

Barrie Shineton

This letter includes forward-looking statements, as defined by applicable securities legislation including statements related to our strategy, projects, plans, future financial or operating performance and other statements that express management's expectations or estimates of future performance. Often, but not always, forward-looking statements can be identified by the use of words such as "would," "expect," "positions," "when," "if," "should," "must," "believe," "view," "when," or variations of such words and phrases or statements that certain actions "may," "could," "must," "would," "might," or "will" be undertaken, 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 achievement expressed or implied by the forward-looking statements. See the cautionary language in the Forward-Looking Statements section of the 2009 Management's Discussion and Analysis dated January 29, 2010 and Q1 2010 Management's Discussion and Analysis dated April 27, 2010.

News Release

NORBORD REPORTS FIRST QUARTER 2010 RESULTS

Note: Financial references in US dollars unless otherwise indicated

Q1 2010 HIGHLIGHTS

- **Achieved positive EBITDA of $9 million, a $23 million improvement vs. Q1 2009**
- **Received cash tax refund of $55 million**
- **Announced intent to initiate small shareholder selling program**

TORONTO, ON (April 27, 2010) – Norbord Inc. (TSX: NBD, NBD.WT) today reported positive EBITDA of $9 million in Q1 2010 compared to positive EBITDA of $6 million in Q4 2009 and negative EBITDA of $14 million in the same quarter last year. North American operations generated positive EBITDA of $8 million in Q1 2010, an improvement of $7 million and $20 million compared to the fourth and first quarters of 2009 respectively. Norbord's European operations generated positive EBITDA of $5 million in Q1 2010, compared to $7 million and $1 million recorded in the fourth and first quarters of 2009 respectively.

Norbord recorded a loss of $5 million or $0.12 per share in the first quarter of 2010. Norbord recorded a loss of $11 million or $0.25 per share in the prior quarter and a loss of $22 million or $0.52 per share in the first quarter of 2009.

"We are encouraged by the positive momentum in our financial performance," said Barrie Shineton, President and CEO. "However, severe weather in the quarter negatively impacted both costs and productivity at almost all of our operations. Wet and cold weather in the US South restricted log supply and extended mill curtailments. In the UK, record snowfall shut down logging operations and panel sales stalled as customers stayed home. These issues eased in March and are now largely behind us. OSB prices, particularly in North America, continue to rise and we anticipate reporting stronger results in the second quarter. "

Market Conditions

North American North Central benchmark OSB prices averaged $212 in the quarter compared to $169 in Q4 2009 and $154 in Q1 2009. In the South East region, where approximately 55% of Norbord's North American capacity is located, prices averaged $197 in the quarter, up $43 and $58 from the fourth and first quarters of 2009, respectively. Across all regions, benchmark OSB prices in April 2010 have averaged well above the first quarter levels. The Company expects EBITDA for the month of April to be approximately $17 million.

Expert forecasts for US housing starts in 2010 now average 0.6 million to 0.7 million. Management believes a more meaningful recovery in US housing activity needs to take hold before the recent upward pricing trend is sustainable.

In Europe, OSB prices improved 7% versus the prior quarter due to weather-related wood supply constraints, rising fibre costs and a reduction of OSB imports from North America. Quarter-over-quarter, particleboard and MDF prices increased by 3% and 1% respectively, although sales volumes were down 6%.

Performance

Norbord's North American OSB mills operated at approximately 65% of capacity in the first quarter compared to 60% in the fourth and first quarters of 2009. Subject to market conditions, Norbord expects to operate its North American mills, excluding its two indefinitely closed mills in Texas and Alabama, at full capacity in the second quarter. The indefinitely closed mills represent 20% of Norbord's North American capacity. Norbord's European mills operated at approximately 90% of capacity in the first quarter of 2010 versus 80% in the fourth and first quarters of 2009. Norbord expects European production to approach full capacity in the second quarter of 2010, subject to market conditions.

Norbord's North American OSB production cash costs per unit increased 4% versus the same quarter last year. Cold and wet weather conditions in the US South impacted wood availability, production costs and operating performance. Higher OSB prices more than offset the negative impact of higher manufacturing costs during the quarter.

In January 2010, Norbord received a $55 million tax refund related to the extension of the US loss carry-back period from two to five years. At the end of the first quarter, Norbord had unutilized liquidity of $243 million consisting of cash and cash equivalents, revolving bank lines and the Brookfield debt facility. The Company's tangible net worth was $322 million and net debt to total capitalization, book basis, was 58%.

Capital investments totaled $1 million in the first quarter. Norbord's 2010 capital investment program will be limited to essential projects and is expected to be $10 million to $15 million, unless market conditions warrant investments at a higher level.

Developments

Norbord announced today that it will seek regulatory approval to proceed with a small shareholder selling program in the second quarter of 2010. Details of this program will be announced subject to receipt of regulatory approval.

Subsequent to quarter-end, Norbord announced the completion of a secondary offering of common shares by Brookfield, through a wholly-owned subsidiary. Brookfield and its affiliates now own approximately 22.8 million common shares, representing a 52% interest in the Corporation. Brookfield also holds warrants to purchase an additional 13 million common shares.

Additional Information

Norbord's Q1 2010 letter to shareholders, news release, management's discussion & analysis, consolidated unaudited financial statements and notes to the financial statements have been filed on SEDAR (www.sedar.com) and are available in the investor section of the Company's website at www.norbord.com. Shareholders are encouraged to read this material.

Conference Call

Norbord will hold a conference call for analysts and institutional investors on Tuesday, April 27, 2010 at 2:00 p.m. ET. The call will be broadcast live over the Internet via www.norbord.com and www.newswire.ca. A replay number will be available approximately one hour after completion of the call and accessible until May 27, 2010 by dialing 1(888) 203-1112 or (647) 436-0148. The passcode is 4641422. Audio playback and a written transcript will be available on the Norbord website.

Norbord Profile

Norbord Inc. is an international producer of wood-based panels with assets of $1.0 billion, employing approximately 1,950 people at 14 plant locations in the United States, Europe and Canada. Norbord is one of the world's largest producers of oriented strand board (OSB). In addition to OSB, Norbord manufactures particleboard, medium density fibreboard (MDF) and related value-added products. Norbord is a publicly traded company listed on the Toronto Stock Exchange under the symbols NBD and NBD.WT.

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This news release contains forward-looking statements, as defined in applicable legislation, including statements related to our strategy, projects, plans, future financial or operating performance and other statements that express management's expectations or estimates of future performance. Often, but not always, words such as "believe," "will," "expect," "expects," "expected," "forecast," "estimate," "estimates," "estimated," "likely," "may," "agreed to," "would," and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which 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.

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. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: general economic conditions; risks inherent with product concentration; effects of competition and product pricing pressures; risks inherent with customer dependence; effects of variations in the price and availability of manufacturing inputs; risks inherent with a capital intensive industry; and other risks and factors described from time to time in filings with Canadian securities regulatory authorities.

Except as required by applicable laws, Norbord does not undertake to update any forward-looking statements, 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. See the "Caution Regarding Forward-Looking Information" statement in the March 3, 2010 Annual Information Form and the cautionary statement contained in the "Forward-Looking Statements" section of the 2009 Management's Discussion and Analysis dated January 29, 2010 and Q1 2010 Management's Discussion and Analysis dated April 27, 2010.

APRIL 27, 2010

Management's Discussion and Analysis

INTRODUCTION

The Management's Discussion and Analysis (MD&A) provides a review of the significant developments that impacted Norbord's performance during the period. The information in this section should be read in conjunction with the financial statements, which follow this MD&A. Norbord's significant accounting policies and other financial disclosures are contained in the audited annual financial statements and accompanying notes. Additional information on Norbord, including documents publicly filed by the Company, is available on the Company's website at www.norbord.com or the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. All financial references in the MD&A are stated in US dollars, unless otherwise noted.

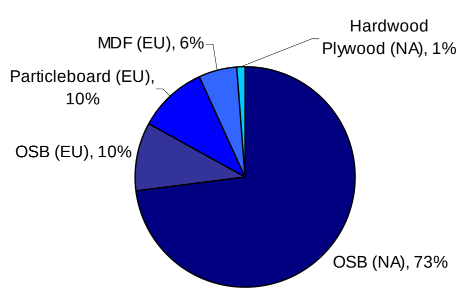
Some of the statements included or incorporated by reference in this MD&A constitute forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements are based on various assumptions and are subject to various risks. See the cautionary statement contained in the Forward-Looking Statements section.

EBITDA, EBITDA margin, operating working capital, total working capital, capital employed, ROCE, ROE, net debt, net debt to capitalization, book basis and net debt to capitalization, market basis are non-GAAP financial measures described in the Non-GAAP Financial Measures section. Non-GAAP financial measures do not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (GAAP) and are therefore unlikely to be comparable to similar measures presented by other companies. Where appropriate, a quantitative reconciliation of the non-GAAP financial measure to the most directly comparable GAAP measure is also provided.

BUSINESS OVERVIEW & STRATEGY

Norbord is an international producer of wood-based panels with 14 plant locations in the United States, Europe, and Canada. Norbord is one of the world's largest producers of oriented strand board (OSB) with an annual capacity of 5.0 billion square feet (⅜″ basis). The core assets of Norbord's OSB business are located in the South East region of the US. The Company is also a significant producer of wood-based panels in the United Kingdom. The geographical breakdown of panel production capacity is 74% North America and 26% Europe. Norbord's business strategy is focused entirely on the wood panels sector – in particular OSB – in North America and Europe.

OSB Accounts for Over 80% of Norbord's Business



Production Capacity by Product
NA = North America
EU = Europe

Norbord's financial goal is to achieve top quartile return on equity (ROE) and cash return on capital employed (ROCE) among North American forest products companies. As Norbord operates in a cyclical commodity business, Norbord interprets its financial goals over the cycle.

Protecting the balance sheet is an important element of Norbord's financing strategy. Management believes that its record of superior operational performance and prudent balance sheet management should enable it to access public and private capital markets, subject to financial market conditions. At period end, Norbord has unutilized liquidity of $243 million, comprised of $179 million in revolving bank lines, $50 million in the Brookfield debt facility and $14 million in cash and cash equivalents.

SUMMARY

Extreme weather conditions in both the United States and Europe presented operational production and performance challenges for the first two months of the year. In the US, cold and wet weather conditions in the South caused log shortages which impacted operating schedules and increased log prices. Higher wood moisture content resulted in slower production speeds and higher operating costs. Against this back-drop, North American OSB benchmark prices rose during the quarter. In the UK, record cold and snow conditions shut down certain logging operations. Both demand and retail activity was negatively impacted as consumers were immobilized. Weather-related issues in both North America and Europe eased in March and improved operational performance is being restored.

Norbord recorded a loss of $5 million in the first quarter of 2010 ($0.12 per share) compared to $22 million in the first quarter of 2009 ($0.52 per share) and $11 million in the fourth quarter of 2009 ($0.25 per share). The earnings improvement versus the comparable periods is primarily attributable to improved EBITDA results from the North American OSB operations driven by higher pricing partially offset by higher production costs. Norbord's European operations experienced a modest increase in year-over-year EBITDA results driven by lower energy costs and a modest decrease in quarter-over-quarter results due to the weather-related decrease in sales volume and higher fibre costs. Year-over-year, earnings were also positively impacted by lower depreciation expense offset by a decrease in income tax recovery.

Housing market activity, particularly in the US, influences OSB demand and pricing. Fluctuation in North American OSB demand and prices significantly affect Norbord's results. The upward price momentum experienced during the first quarter, albeit encouraging, was unpredictable. Prices continued to increase in April, but management does not expect them to remain at these levels for the remainder of the year. The Company expects EBITDA for the month of April to be approximately $17 million largely attributed to higher OSB prices. Management believes a sustainable upward trend in OSB prices is unlikely until a meaningful recovery of the US housing market takes hold. On the cost side, fluctuations in raw material prices significantly impact operating costs. Management expects fibre and resin prices to trend up from last year's cycle bottom levels.

The long term fundamentals supporting North American housing and OSB demand such as immigration and new household formation are strong. Management continues to believe that OSB will remain one of the best growth products in the forest products industry. Norbord's European operation is exposed to different market dynamics relative to the North American operations. Management believes this provides meaningful market and geographic diversification over the cycle, while capitalizing on Norbord's strength as a global panel producer.

RESULTS OF OPERATIONS

(US $ millions, except per share information, unless otherwise noted)	Q1 2010	Q4 2009	Q1 2009
Return on capital employed (ROCE)	**4%**	3%	(7)%
Return on equity (ROE)	**(6)%**	(12)%	(29)%
Earnings	**(5)**	(11)	(22)
Earnings per share (basic and diluted)	**(0.12)**	(0.25)	(0.52)
Net sales	**184**	196	156
EBITDA	**9**	6	(14)
Depreciation	**10**	11	15
Investment in property, plant and equipment	**1**	3	5
Shipments (MMsf–3/8")			
OSB	**769**	855	688
Particleboard[1]	**81**	83	82
MDF	**65**	83	94
Indicative OSB pricing			
Average OSB price			
North Central ($/Msf–7/16")	**212**	172	154
South East ($/Msf–7/16")	**197**	154	139
Europe (€/m^3)	**180**	168	183

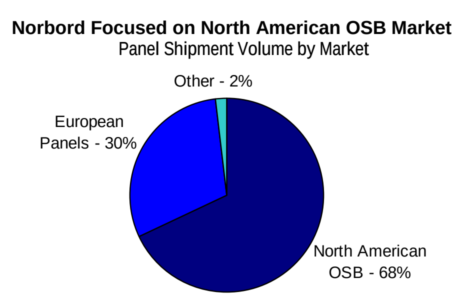
[1] Excludes particleboard consumed internally (29 MMsf, 36 MMsf, 31 MMsf for each period respectively).

Net sales in the quarter were $184 million, compared to $196 million in the previous quarter and $156 million in first quarter of 2009. Quarter-over-quarter, net sales decreased by 6% due to a lower number of fiscal days in the period and lower European sales volume in the do-it-yourself market. European sales were affected by extreme cold weather conditions in the UK that impacted retail activity. North American OSB sales were relatively flat as the increase in OSB pricing in the first quarter offset the decrease in shipment volume. Year-over-year, net sales increased by 18% due to higher North American OSB pricing and shipment volume.

Earnings in the first quarter of 2009 included an income tax recovery of $8 million ($0.19 per share) related to the recognition of a future income tax asset previously charged to retained earnings. The benefit of the tax attribute was reinstated due to substantive enactment of income tax legislation. In the first quarter of 2009, the Company incurred severance and related costs of $3 million pre-tax ($0.05 per share) as a result of indefinite shutdowns of two North American OSB mills in Alabama and Texas and company-wide resizing initiatives. Effective the second quarter of 2009, the Company changed its depreciation method for its production assets from straight line to unit of production on a prospective basis. This change in estimate resulted in a $4 million pre-tax ($0.09 per share) reduction in depreciation expense for each quarter thereafter in 2009.

Markets

North America is the principal market destination for Norbord's products. North American OSB comprises 68% of Norbord's panel shipments by volume. Therefore results of operations are most affected by volatility in North American OSB prices and demand. European panel markets comprise 30% of shipments and also affect Norbord's results, although to a lesser degree.



Extreme weather in North America and Europe impacted production volumes and costs during January and February 2010.

In North America, cold temperatures and extreme wet weather in the Southern United States impacted Norbord's log supply, resulting in a higher-than anticipated level of curtailment and higher fibre costs. In the quarter, North American North Central benchmark OSB prices averaged $212 per thousand square feet (Msf) (7⁄16-inch basis) compared to $154 per Msf during the same quarter last year. In the South East region, where approximately 55% of Norbord's North American capacity is located, prices averaged $197 per Msf in the first quarter, up $58 from the same quarter last year.

Expert forecasts for 2010 US housing starts now range from 0.6 million to 0.7 million which is well below the 25-year historical annualized average of 1.5 million. According to the APA – The Engineered Wood Association, more than 10 OSB mills and 9 plywood mills have been permanently closed in North America in the past three years. According to public announcements, an additional 10 OSB mills have been indefinitely idled. Management believes housing starts do not need to return to the 1.5 million range for Norbord to achieve better results. At the end of the first quarter, annualized housing starts were 17% higher than the pace set at the same time last year which is a positive development. New home construction is the principal end use for OSB, accounting for approximately 60% of demand in 2009.

In Europe, record cold temperatures and unprecedented snow accumulation negatively impacted panel market activity, operating costs and sales volume. OSB prices during the quarter improved 7% versus the prior quarter due to weather-related wood supply constraints, rising fibre costs and a reduction of OSB imports from North America. Quarter-over-quarter, particleboard and MDF prices increased by 3% and 1% respectively, although sales volumes were down 6%.

Historically, the UK has been a net importer of panel products. The weak Pound relative to the Euro was advantageous to Norbord as it improved sales opportunities within the UK and slowed the flow of Continental European imports. This currency trend also supported Norbord's export program into the Continent.

Operating Results

EBITDA (US $ millions)		**Q1 2010**		**Q4 2009**		**Q1 2009**
North America	**$**	**8**	$	1	$	(12)
Europe		**5**		7		1
Unallocated		**(4)**		(2)		(3)
Total	**$**	**9**	$	6	$	(14)

Norbord generated positive EBITDA of $9 million in the first quarter of 2010, a $23 million improvement from negative $14 million in the same quarter last year. This year-over-year improvement was primarily driven by the increase in North American OSB benchmark pricing offset by higher production costs due to weather-related challenges which negatively impacted EBITDA by approximately $10 million in the quarter. In addition, the indefinite curtailment decisions taken in 2009 at two North American OSB mills resulted in a positive year-over-year EBITDA impact. In Europe, year-over-year results were positively impacted by higher panel prices and lower key input prices.

Quarter-over-quarter, Norbord generated positive EBITDA of $9 million in the first quarter of 2010 versus $6 million in the fourth quarter of 2009, an improvement of $3 million. Higher North American OSB results driven by higher prices more than offset lower European shipment volumes and higher fibre prices, and, the negative impact of a stronger Canadian dollar exchange rate.

Major components of the change in EBITDA versus comparative periods are summarized in the variance table below.

EBITDA Variance (US $ millions)	Q1 2010 vs. Q4 2009	Q1 2010 vs. Q1 2009
EBITDA – current period	$ 9	$ 9
EBITDA – comparative period	6	(14)
Variance	$ 3	$ 23
Mill nets[(1)]	$ 19	$ 23
Volume[(2)]	(3)	2
Key input prices[(3)]	(4)	(1)
Key input usage[(3)]	(2)	(3)
Other[(4)]	(7)	(3)
Production curtailment, net[(5)]	-	5
Total	$ 3	$ 23

(1) The mill nets variance represents the change in realized pricing across all products. Mill nets are calculated as net sales divided by shipment volume.

(2) The volume variance represents the impact of shipment volume changes across all products.

(3) The key inputs include fibre, resin and energy.

(4) The other category covers all remaining variances including labour and benefits, supplies and maintenance, and the impact of foreign exchange.

(5) The production curtailment, net, represents the net EBITDA variance impact related to the indefinite curtailment of North American OSB mills in Jefferson, Texas and Huguley, Alabama.

North America

North American operations generated EBITDA of $8 million in the first quarter of 2010 versus negative $12 million in the first quarter of 2009, a year-over-year improvement of $20 million. The average North Central OSB benchmark price increased by 38% or $58 per Msf (7⁄16-inch basis) and OSB shipment volumes have increased by 12% versus the comparable first quarter. Norbord's North American OSB cash production costs per unit increased by 4% versus the same quarter last year. Cold and wet weather conditions in the US Southern region impacted wood availability, production costs and operating performance. The benefit of higher OSB prices and shipment volumes, in addition to the indefinite curtailment of two OSB mills, more than offset the negative impact of higher weather-related fibre prices and resin usages, higher resin prices, and the negative impact of the strengthening Canadian dollar.

Quarter-over-quarter, North American operations generated EBITDA of $8 million in the first quarter of 2010 versus $1 million in the prior quarter, an improvement of $7 million. This improvement is a result of higher OSB benchmark prices which more than offset higher weather-related key input costs and usages, lower shipment volumes and foreign exchange impact. Average North Central OSB benchmark prices in the first quarter increased by 23% or $40 per Msf (7⁄16-inch basis) versus the fourth quarter of 2009 and OSB shipment volume decreased by 10% primarily due to lower number of fiscal days versus the comparative quarter. Norbord's North American OSB cash production costs per unit increased 10% from the prior quarter primarily due to higher weather-related fibre and resin prices and usages and lower production volume.

Signs indicative of an early stage recovery in the US housing market were apparent in the first quarter. However, until a meaningful US housing market recovery takes hold, Norbord expects to continue to curtail production to conserve cash, manage inventory levels and maximize operating results. Norbord's North American OSB mills operated at approximately 65% of capacity in the first quarter of 2010 compared to 60% in the first and fourth quarters of 2009. In the first quarter of 2009, Norbord indefinitely shut 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. Subject to market conditions, Norbord does not expect to restart these two mills this year. In March 2010, Norbord returned OSB mills in Cordele, Georgia and Guntown, Mississippi to full production schedules. The two mills had previously been operating at reduced schedules. Norbord expects to operate at approximately 80% of capacity in the second quarter of 2010, subject to market conditions.

Europe

European operations generated EBITDA of $5 million in the first quarter of 2010 versus $1 million in the first quarter of 2009, a year-over-year improvement of $4 million. Lower energy prices and overhead costs more than offset the impact of higher weather-related fibre prices. Norbord's European panel prices decreased by 2% for OSB and MDF while particleboard prices were flat versus the first quarter of 2009.

Quarter-over-quarter, European operations generated EBITDA of $5 million in the first quarter of 2010 versus $7 million in the fourth quarter of 2009. Higher weather-related fibre prices and lower shipment volumes were partially offset by modestly higher average panel prices. Norbord's European panel prices increased by 7% for OSB, 1% for MDF and 3% for particleboard versus the fourth quarter of 2009. The weaker Pound relative to the Euro currency has had a positive impact in the UK market as imports become less economic, benefitting Norbord's UK-based operations.

Norbord's European mills operated at approximately 90% of capacity in the first quarter of 2010 versus 80% in the first and fourth quarters of 2009. Norbord expects European production to approach full capacity in the second quarter of 2010, subject to market demand.

INTEREST, DEPRECIATION AND INCOME TAX

(US $ millions)	Q1 2010	Q4 2009	Q1 2009
Interest expense	**$ (8)**	$ (9)	$ (8)
Depreciation	**(10)**	(11)	(15)
Income tax recovery	**4**	5	17

Depreciation

Effective the second quarter of 2009, the Company adopted a prospective change in estimate for the depreciation of production equipment from the straight line to unit of production methodology. This change was triggered by continued fluctuating production volumes and the indefinite closure of the Jefferson, Texas and Huguley, Alabama OSB mills. The unit of production depreciation methodology provides a more rational and systematic cost allocation to production on a going forward basis. This change in estimate resulted in a reduction in depreciation expense by approximately $4 million pre-tax ($0.09 per share) for each quarter thereafter in 2009. The fluctuation in quarterly depreciation expense reflects changes in mill production levels.

Income Tax

An income tax recovery of $4 million was recorded on a pre-tax loss of $9 million in the first quarter of 2010. The effective tax rate differs from the statutory rate principally due to rate differences on foreign activities and fluctuations in relative currency values. On December 24, 2008, as a result of the acquisition of control of the Company by Brookfield, future income tax assets of $8 million were charged to retained earnings in the fourth quarter of 2008. These tax attributes were reinstated in the first quarter of 2009 when Canadian income tax legislation was substantively enacted.

LIQUIDITY AND CAPITAL RESOURCES

(US $ millions, except per share information, unless otherwise noted)	Q1 2010	Q4 2009	Q1 2009
Cash provided by (used for) operating activities	**$ 2**	$ 16	$ (105)
Cash provided by (used for) operating activities per share	**0.05**	0.37	(2.49)
Operating working capital	**13**	(42)	25
Total working capital	**27**	36	51
Investment in property, plant and equipment	**1**	3	5
Net debt to capitalization, market basis	**43%**	48%	31%
Net debt to capitalization, book basis	**58%**	58%	58%

At period end, the Company had cash and cash equivalents of $14 million, committed revolving bank lines of $205 million, and the Brookfield debt facility of $50 million. Of the total $205 million committed revolving bank lines, $18 million was drawn as cash, $8 million was utilized for letters of credit and $179 million was available to support short-term liquidity requirements.

Revolving Bank Lines

The Company has committed revolving bank lines of $205 million which mature in May 2011 and bear interest at money market rates plus a margin that varies with the Company's credit rating. The 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 debentures, 2017 senior notes, and Brookfield debt facility.

The bank lines contain two quarterly financial covenants: minimum tangible net worth of $250 million and maximum net debt to total capitalization, book basis, of 70%. Effective January 1, 2011, the maximum net debt to total capitalization, book basis, covenant will be reduced to 60%. Net debt includes total debt less any drawings under the Brookfield debt facility, less cash and cash equivalents plus letters of credit issued. As at period end, the Company's tangible net worth was $322 million and net debt for financial covenant purposes was $452 million. Net debt to total capitalization, book basis, was 58%.

Brookfield Debt Facility

The Company has a debt facility with Brookfield of $50 million which bears interest equal to the greater of 8% and US base rate plus ½%, matures in June 2011 and is subordinated to the revolving bank lines. Drawings under the debt facility are treated as tangible net worth for financial covenant purposes. At period end, the facility was undrawn.

Other Liquidity and Capital Resources

Operating working capital, consisting of accounts receivable and inventory less accounts payable and accrued liabilities was $13 million at period end compared to negative $42 million at year end and $25 million in the prior year. Quarter-over-quarter, operating working capital increased due to higher accounts receivable and inventory, lower accounts payable and a decrease in accounts receivable securitization proceeds. The rise in North American OSB prices and seasonal increase in log inventory and finished goods resulted in an increase in accounts receivable and inventory, respectively. Accounts payable and accruals decreased due to the timing of bond coupon payments made semi-annually in the first and third quarters of the year. Year-over-year, operating working capital decreased due to lower inventory and higher accounts payable. The Company aims to continuously minimize the amount of capital held as operating working capital and takes actions to manage it at minimal levels. In addition, despite the current economic environment Norbord's accounts receivable performance metrics remain in line with prior periods.

Total working capital, which includes operating working capital plus cash and cash equivalents and income tax receivable, was $27 million at the end of the first quarter of 2010 compared to $36 million at year end and $51 million in the comparable prior year quarter. The quarter-over-quarter decrease is attributed to the collection of a tax refund partially offset by increase in the operating working capital. The year-over-year decrease is due to lower operating working capital and income tax receivable.

Operating activities generated $2 million in cash ($0.05 per share) in the first quarter of 2010 as a result of positive EBITDA results and the receipt of the cash tax refund which was offset by the increase in operating working capital. In the prior quarter, operating activities generated $16 million in cash ($0.37 per share) primarily from the decrease in operating working capital. In the first quarter of 2009, operating activities consumed $105 million in cash ($2.49 per share) as a result of EBITDA losses, bond coupon payments, repayment of proceeds from the accounts receivable securitization program and the increase in operating working capital which was principally seasonal in nature and reflected the timing and extent of production curtailments taken over the 2008 year end.

INVESTMENTS AND DIVESTITURES

Investment in Property, Plant and Equipment

Investment in property, plant and equipment was $1 million in the first quarter of 2010 compared to $3 million in the prior quarter and $5 million in the prior year. Norbord's investment in property, plant and equipment will be limited to essential capital projects and is expected to be $10 million to $15 million in 2010, unless market conditions warrant investments at a higher level.

CAPITALIZATION

Rights Offering

On January 6, 2009, in connection with the Rights Offering filed on November 17, 2008 and pursuant to a Standby Purchase Agreement, Brookfield acquired 16.3 million common shares and 81.5 million common share purchase warrants for gross proceeds of $120 million (CAD $144 million). 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. A standby fee of approximately $2 million was paid to Brookfield based on 1% of the gross proceeds of the Offering. Net proceeds received were used to repay drawings under the Brookfield debt facility and revolving bank lines.

Norbord

SELECTED QUARTERLY INFORMATION

(US $ millions, except per share information, unless otherwise noted)	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
KEY PERFORMANCE METRICS								
Return on capital employed (ROCE)	**4%**	3%	5%	(1)%	(7)%	(12)%	(4)%	0%
Return on equity (ROE)	**(6)%**	(12)%	(8)%	(19)%	(29)%	(45)%	(28)%	(48)%
Cash provided by (used for) operating activities	**2**	16	15	39	(105)	(12)	(8)	88
Cash provided by (used for) operating activities per share	**0.05**	0.37	0.35	0.90	(2.49)	(0.75)	(0.54)	5.95
NET SALES AND EARNINGS								
Net sales	**184**	196	192	174	156	191	256	262
EBITDA	**9**	6	10	(2)	(14)	(28)	(9)	1
Earnings	**(5)**	(11)	(7)	(18)	(22)	(30)	(18)	(36)
PER COMMON SHARE								
Earnings								
Basic and diluted	**(0.12)**	(0.25)	(0.16)	(0.42)	(0.52)	(1.88)	(1.20)	(2.43)
KEY STATISTICS								
OSB shipments (MMsf–3⁄8")	**769**	855	861	814	688	891	1,124	1,114
Average OSB price								
North Central ($/Msf–7⁄16")	**212**	172	178	146	154	170	201	179
South East ($/Msf–7⁄16")	**197**	154	157	140	139	137	158	155
Europe (€/m^3)	**180**	168	163	163	183	190	196	210

Quarterly results are impacted by seasonal factors such as weather and building activity. Market demand varies seasonally, as homebuilding activity and repair and renovation work, the principal end uses of Norbord’s products, are generally stronger in the spring and summer months. Adverse weather can also limit access to logging areas, which can affect the supply of fibre to Norbord’s operations. Shipment volumes and commodity prices are affected by these factors as well as by global supply and demand conditions.

Operating working capital is typically built up in the first quarter of the year due, primarily, to log inventory purchases in the Northern regions of North America and Europe. Logs are generally consumed in the spring and summer months. Operating working capital also fluctuates based on the timing of bond coupon payments in the first and third quarters.

The price of and demand for OSB in North America are significant variables affecting the comparability of Norbord’s results over the past eight quarters. Fluctuations in earnings during that time largely mirror fluctuations in the price of and demand for OSB in North America. The Company estimates the annualized impact of a $10 per Msf (7⁄16-inch basis) change in the North American OSB price on EBITDA when operating at capacity, is approximately $36 million or $0.85 per share. Regional pricing variations, particularly in the Southern US, make the North Central benchmark price a useful, albeit imperfect, proxy for overall North American OSB pricing. Further, value-added products, the pricing lag effect of order files, and volume and trade discounts cause realized prices to differ from the benchmark.

High global commodity prices caused upward pressure on the prices of key input costs, primarily resin and wax, energy and fibre, for most of 2008. Downward trends in global energy prices provided significant input cost relief in the first half of 2009, with cycle bottom prices during the second half of 2009. Management believes that commodity prices will trend up in 2010, although they are not expected to return to the peak levels experienced at the end of 2008.

Norbord has relatively low exposure to the Canadian dollar due to a comparatively small manufacturing base in Canada, which comprises 13% of its panel production capacity. The Company estimates that the unfavorable impact of a US one cent increase in the Canadian dollar would negatively impact annual EBITDA by approximately $1 million, when Norbord's Canadian OSB mills operate at capacity.

Items not related to ongoing business operations that had a significant impact on quarterly results include:

Provision for non-core operation – In the third and fourth quarters of 2009, the Company recorded a provision of $3 million pre-tax ($0.04 per share) and $1 million pre-tax ($0.02 per share), respectively, related to the sale of its non-core MDF mill in Deposit, New York (see Investments and Divestitures).

Depreciation expense – In the second quarter of 2009, the Company changed to the units of production depreciation method for its production assets, resulting in a $4 million pre-tax ($0.06 per share) reduction in depreciation expense for the second, third and fourth quarters of 2009 (see Interest, Depreciation and Income Tax).

Income tax recovery – In the first quarter of 2009, the Company recorded an income tax recovery of $8 million ($0.19 per share) related to the recognition of a future income tax asset previously charged to retained earnings in the fourth quarter of 2008, due to Brookfield's acquisition of control (see Interest, Depreciation and Income Tax).

Foreign exchange loss – In the first quarter of 2009, the Company incurred a foreign exchange loss of $3 million pre-tax ($0.05 per share) from the locked-in foreign exchange rate for Canadian proceeds received upon completion of Brookfield's standby commitment in January 2009, related to the Rights Offering.

Litigation settlement – In the second quarter of 2008, the Company's earnings included a $32 million pre-tax expense ($1.51 per share) related to a litigation settlement.

COMMON SHARES

At April 27, 2010, there were 43.5 million common shares outstanding. In addition, 1.5 million stock options were outstanding, of which approximately 13% were fully vested, and warrants to purchase 13.6 million common shares were outstanding.

Secondary Offering

On March 10, 2010, Brookfield and the Company entered into an agreement with a syndicate of investment dealers to complete a secondary offering of Norbord's common shares. Under the agreement, the syndicate purchased 9 million common shares at a purchase price of CAD $16.70 per common share for gross proceeds of CAD $150 million on March 30, 2010. Brookfield offered 8.7 million shares and the Company's senior management offered 0.3 million shares. Brookfield also granted the underwriters an over-allotment option, exercisable in whole, or in part, at any time for a period of 30 days from closing, to purchase up to an additional 0.9 million shares. On March 30, 2010, upon completion of the secondary offering, but before giving effect to the over-allotment option, Brookfield's ownership decreased to approximately 52% of common shares outstanding. Norbord did not receive any proceeds from the offering.

OFF BALANCE SHEET ARRANGEMENTS

The Company has an $85 million accounts receivable securitization program with a highly rated financial institution. Under the program, Norbord has transferred substantially all of its trade accounts receivable to the financial institution, on a fully serviced basis, for the proceeds consisting of cash and deferred purchase price. At period end, Norbord recorded cash proceeds of $54 million relating to this program.

The securitization program is subject to the following financial covenants that the Company must comply with on a quarterly basis: minimum tangible net worth of $300 million, and maximum net debt to total capitalization, book basis, of 65%. At period end, the Company's tangible net worth was $322 million and its net debt to total capitalization, book basis, was 58%. In addition, the program contains trade accounts receivable portfolio performance covenants and standard reporting requirements. The program is not subject to any credit-rating requirements.

The Company utilizes various financial instruments to manage risk and make better use of capital. The fair values of these instruments are reflected on the Company's balance sheet and are disclosed in Note 12 to the consolidated financial statements.

TRANSACTIONS WITH RELATED PARTIES

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 are recognized in the consolidated financial statements. The following transactions have occurred between the Company and Brookfield during the normal course of business.

Brookfield Debt Facility

The Company has a debt facility with Brookfield of $50 million which bears an interest rate equal to the greater of 8% and US base rate plus ½% and is subordinated to the revolving bank lines (see Liquidity and Capital Resources). At period end, the facility was undrawn.

Rights Offering

On January 6, 2009, Brookfield completed the standby commitment related to the Rights Offering (see Capitalization) increasing their ownership interest from approximately 60% to 73% of common shares outstanding.

Secondary Offering

On March 30, 2010, upon completion of the secondary offering (see Common Shares), but before giving effect to the over-allotment option granted to the underwriters, Brookfield's ownership decreased from approximately 73% to 52% of common shares outstanding.

Indemnity Commitment

As at period end, total future costs related to a 1999 asset purchase agreement between the Company and Brookfield for which Norbord provided an indemnity are estimated at less than $1 million and are included in other liabilities in the consolidated balance sheet.

Other

The Company provides certain administrative services to Brookfield or its affiliates which are charged on a cost recovery basis. In addition, the Company periodically engages the services of Brookfield or its affiliates for various financial, real estate and other business advisory services. In 2010, the fees for these services were less than $1 million and were charged at market rates.

FUTURE CHANGES IN ACCOUNTING POLICIES

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations,* which requires that all assets and liabilities of an acquired business be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in periods following the acquisition date. The new standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. The Company will assess the impact of this new standard at the time of any applicable acquisitions.

Consolidations and Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1601, *Consolidations,* and Section 1602, *Non-Controlling Interests.* Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of this new standard on its financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Accounting Standards Board (AcSB) confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011 for which current and comparative information will be prepared under IFRS.

The following chart summarizes the progress made to-date in achieving the milestones contained in the key elements of Norbord's IFRS transition plan.

KEY ACTIVITY	MILESTONES AND TARGET DATES	PROGRESS TO APRIL 27, 2010
Project Governance	Q1 2009	
Steering Committee Formation		• Steering and working committees formed
Project Resourcing		• Resources allocated across organization and additional consulting support deployed
Project Management Practices		• Project status reporting developed and implemented
Financial Statement Preparation	Q1 2011	
Identification of differences in policies and choices		• Significant Canadian and IFRS differences identified
Selection of entity's IFRS policies		• Criteria for accounting policy choice selection established and policy selections expected to be made for significant areas are substantially complete
Selection of IFRS 1 accounting policy choices		• IFRS-1 policy selections expected to be made for significant areas are substantially complete
Quantification of IFRS 1 disclosures for 2010		• Progress is on-going
Financial statement format		• In progress
Changes in note disclosure		• In progress
IFRS Expertise		
Retraining key finance and operational staff	Q2 2010	• Resource requirements identified and initial training completed; in-depth training on-going
Education of management and Audit Committee	Q2 2010	• Initial training completed; in-depth learning sessions scheduled
Education of external stakeholders	Q4 2010	• External education scheduled for Q4 2010
Information Technology		
Systems changes to support IFRS requirements	Q4 2010	• System impact assessed and required changes in process of being implemented

KEY ACTIVITY	MILESTONES AND TARGET DATES	PROGRESS TO APRIL 27, 2010
Business Implications Assessment		
Business contract review	Q2 2010	• GAAP-based clauses to be identified for renegotiation with counterparties; process to review contracts has been established and is in process of being implemented
Renegotiation of contracts	Q4 2010	• Business matter outside scope of this conversion project
Control Environment		
Internal control over financial reporting (ICFR)	Q4 2010	• Approval and sign-off of all accounting changes and CEO/CFO certification process will commence in 2010 upon completion of required process changes

INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting during the three months ended March 27, 2010 that have materially affected, or are reasonably likely to materially affect its internal control over financial reporting.

NON-GAAP FINANCIAL MEASURES

The following non-GAAP financial measures have been used in this MD&A. Non-GAAP financial measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other companies. Each non-GAAP financial measure is defined below. Where appropriate, a quantitative reconciliation of the non-GAAP financial measure to the most directly comparable GAAP measure is provided.

EBITDA is earnings determined in accordance with GAAP from continuing operations before interest, provision for non-core operation, foreign exchange loss, income tax, depreciation and amortization. As Norbord operates in a cyclical commodity business, Norbord interprets EBITDA over the cycle as a useful indicator of the Company's ability to incur and service debt and meet capital expenditure requirements. In addition, Norbord views EBITDA as a measure of gross profit and interprets EBITDA trends as indicators of relative operating performance.

The following table reconciles EBITDA to the most directly comparable GAAP measure:

(US $ millions)	Q1 2010	Q4 2009	Q1 2009
Earnings	**$ (5)**	$ (11)	$ (22)
Add: Interest expense	**8**	9	8
Add: Depreciation	**10**	11	15
Less: Income tax recovery	**(4)**	(5)	(17)
Add: Provision for non-core operation	**-**	1	-
Add: Foreign exchange loss	**-**	1	2
EBITDA	**$ 9**	$ 6	$ (14)

Operating working capital is accounts receivable plus inventory less accounts payable and accrued liabilities. Operating working capital is a measure of the investment in accounts receivable, inventory, accounts payable and accrued liabilities required to support operations. The Company aims to minimize its investment in operating working capital, however, the amount will vary with seasonality, and sales expansions and contractions.

(US $ millions)	Mar 27 2010	Dec 31 2009	Mar 28 2009
Accounts receivable	**$ 43**	$ 27	$ 43
Inventory	**92**	71	96
Accounts payable and accrued liabilities	**(122)**	(140)	(114)
Operating working capital	**$ 13**	$ (42)	$ 25

Total working capital is operating working capital plus cash and cash equivalents and tax receivable less bank advances, if any.

(US $ millions)	Mar 27 2010	Dec 31 2009	Mar 28 2009
Operating working capital	**$ 13**	$ (42)	$ 25
Cash and cash equivalents	**14**	21	11
Tax receivable	**-**	57	15
Total working capital	**$ 27**	$ 36	$ 51

Capital employed is the sum of property, plant and equipment, operating working capital, tax receivable and other assets less any unrealized balance sheet losses included in other liabilities. Capital employed is a measure of the total investment in a business in terms of property, plant, equipment, operating working capital, tax receivable and other assets.

(US $ millions)	Mar 27 2010	Dec 31 2009	Mar 28 2009
Property, plant and equipment	**$ 837**	$ 860	$ 867
Accounts receivable	**43**	27	43
Tax receivable	**-**	57	15
Inventory	**92**	71	96
Accounts payable and accrued liabilities	**(122)**	(140)	(114)
Other assets	**16**	7	32
Unrealized net investment hedge losses(1)	**-**	-	(3)
Capital employed	**$ 866**	$ 882	$ 936

(1) Included in other liabilities.

ROCE (return on capital employed) is EBITDA divided by average capital employed. ROCE is a measurement of financial performance, focusing on cash generation and the efficient use of capital. As Norbord operates in a cyclical commodity business, it interprets ROCE over the cycle as a useful means of comparing businesses in terms of efficiency of management and viability of products. Norbord targets top-quartile ROCE among North American forest products companies over the cycle.

ROE (return on equity) is earnings available to common shareholders (earnings less preferred share dividends) divided by common shareholders' equity. ROE is a measure that allows common shareholders to determine how effectively their invested capital is being employed. As Norbord operates in a cyclical commodity business, it looks at ROE over the cycle and targets top-quartile performance among North American forest products companies.

Net debt is the principal value of long-term debt, including the current portion and bank advances less drawings under the Brookfield debt facility and cash and cash equivalents. Net debt is a useful indicator of a company's debt position. Net debt comprises:

(US $ millions)	Mar 27 2010	Dec 31 2009	Mar 28 2009
Long-term debt	**$ 458**	$ 467	$ 512
Less: Cash and cash equivalents	**(14)**	(21)	(11)
Less: Drawings under Brookfield debt facility	**-**	-	-
Net debt	**$ 444**	$ 446	$ 501
Add: Letters of credit	**8**	8	-
Net debt for financial covenant purposes	**$ 452**	$ 454	$ 501

Tangible net worth consists of shareholders' equity and drawings under the Brookfield debt facility. A minimum tangible net worth is one of two financial covenants contained in the Company's committed bank lines and accounts receivable securitization program.

(US $ millions)	Mar 27 2010	Dec 31 2009	Mar 28 2009
Shareholders' equity	**$ 322**	$ 334	$ 363
Add: Drawings under Brookfield debt facility(1)	**-**	-	-
Tangible net worth	**$ 322**	$ 334	$ 363

(1) Drawings under the Brookfield debt facility are treated as equity for financial covenant purposes.

Net debt to capitalization, book basis is net debt divided by the sum of net debt and tangible net worth. Net debt to capitalization on a book basis is a measure of a company's relative debt position. Norbord interprets this measure as an indicator of the relative strength and flexibility of its balance sheet. In addition, a maximum net debt to capitalization on a book basis is one of two financial covenants contained in the Company's committed bank lines and accounts receivable securitization program.

Net debt to capitalization, market basis is net debt divided by the sum of net debt and market capitalization. Market capitalization is the number of common shares outstanding at period end multiplied by the trailing 12-month average per share market price. Market basis capitalization is intended to correct for the low historical book value of Norbord's asset base relative to its fair value. Net debt to capitalization on a market basis is a key measure of a company's relative debt position and Norbord interprets this measure as an indicator of the relative strength and flexibility of its balance sheet. While the Company considers both book and market basis metrics, it believes the market basis to be superior to the book basis in measuring the true strength and flexibility of its balance sheet.

FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements, as defined by applicable securities legislation including statements related to our strategy, project plans, future financial or operating performance and other statements that express management's expectations or estimates of future performance. Often, but not always, forward-looking statements can be identified by the use of words such as "believes," "expects," "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 which 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) access to public and private capital markets (8) sensitivity to changes in product prices, such as the price of OSB; (9) sensitivity to changes in foreign exchange rates; (10) margin improvement program targets; (11) expectations regarding contingent liabilities and guarantees; (12) expectations regarding the amount, timing and benefits of capital investments; and (13) expectations regarding the amount and timing of tax refunds.

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) risks inherent to customer dependence; (5) effects of variations in the price and availability of manufacturing inputs including continued access to fibre resources at competitive prices; (6) various events which could disrupt operations, including natural events and ongoing relations with employees; (7) impact of changes to or non-compliance with environmental regulations; (8) impact of any product liability claims in excess of insurance coverage; (9) risks inherent to a capital intensive industry; (10) impact of future outcome of certain tax exposures; and (11) effects of currency exposures and exchange rate fluctuations. and other risks and factors described from time to time in filings with Canadian securities regulatory authorities.

Except as required by applicable laws, Norbord does not undertake to update any forward-looking statements, 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. See the "Caution Regarding Forward-Looking Information" statement in the March 3, 2010 Annual Information Form and the cautionary statement contained in the "Forward-Looking Statements" section of the 2009 Management's Discussion and Analysis dated January 29, 2010.

Consolidated Statements of Earnings

(unaudited) Quarters ended March 27 and March 28 (US $ millions, except per share information)		**Q1 2010**		Q1 2009
Net sales	$	**184**	$	156
Earnings before interest, income tax, depreciation and foreign exchange loss		**9**		(14)
Interest expense		**(8)**		(8)
Foreign exchange loss		**–**		(2)
Earnings before income tax and depreciation		**1**		(24)
Depreciation		**(10)**		(15)
Income tax recovery		**4**		17
Earnings	$	**(5)**	$	(22)
Earnings per common share *(note 9)*				
Basic and Diluted	$	**(0.12)**	$	(0.52)

(See accompanying notes)

Consolidated Statements of Cash Flows

(unaudited) Quarters ended March 27 and March 28 (US $ millions)	**Q1 2010**	Q1 2009
CASH PROVIDED BY (USED FOR):		
Operating Activities		
Earnings	**$ (5)**	$ (22)
Items not affecting cash:		
Depreciation	**10**	15
Future income taxes	**(4)**	(17)
Other items	**1**	–
	2	(24)
Net change in non-cash operating working capital balances *(note 10)*	**(57)**	(81)
Net change in tax receivable	**57**	–
	2	(105)
Investing Activities		
Investment in property, plant and equipment	**(1)**	(5)
Realized net investment hedge gain *(note 12)*	**1**	2
Other	**–**	1
	–	(2)
Financing Activities		
Revolving bank lines drawn (repaid) *(note 6)*	**(9)**	15
Brookfield debt facility drawn (repaid) *(note 8)*	**–**	(35)
Issue of common shares, net *(note 8)*	**–**	97
Issue of warrants, net *(note 8)*	**–**	21
	(9)	98
Decrease in cash and cash equivalents	**$ (7)**	$ (9)
Cash and cash equivalents, beginning of period	**$ 21**	$ 20
Cash and cash equivalents, end of period *(note 10)*	**14**	11

(See accompanying notes)

Consolidated Balance Sheets

(US $ millions)	Mar 27 2010 (unaudited)	Dec 31 2009
Assets		
Current assets:		
Cash and cash equivalents *(note 10)*	$ **14**	$ 21
Accounts receivable *(note 3)*	**43**	27
Tax receivable	**–**	57
Inventory *(note 4)*	**92**	71
	149	176
Property, plant and equipment	**837**	860
Other assets *(note 5)*	**16**	7
	$ **1,002**	$ 1,043
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ **122**	$ 140
Long-term debt *(note 6)*	**463**	471
Other liabilities *(note 7)*	**9**	9
Future income taxes	**86**	89
Shareholders' equity *(note 8)*	**322**	334
	$ **1,002**	$ 1,043

(See accompanying notes)

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Consolidated Statements of Changes in Shareholders’ Equity and Comprehensive Income

(unaudited) Quarters ended March 27 and March 28 (US $ millions)		**Q1 2010**		Q1 2009
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY				
Share Capital				
Balance, beginning of period	**$**	**335**	$	238
Issue of common shares, net *(note 8)*		**–**		97
Balance, end of period	**$**	**335**	$	335
Contributed Surplus				
Balance, beginning of period	**$**	**39**	$	17
Issue of warrants, net *(note 8)*		**–**		21
Balance, end of period	**$**	**39**	$	38
Retained Earnings				
Balance, beginning of period	**$**	**(32)**	$	26
Earnings		**(5)**		(22)
Balance, end of period	$	**(37)**	$	4
Accumulated Other Comprehensive Loss				
Balance, beginning of period	**$**	**(8)**	$	(13)
Other comprehensive loss		**(7)**		(1)
Balance, end of period	$	**(15)**	$	(14)
Shareholders’ equity	$	**322**	$	363
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS				
Earnings	**$**	**(5)**	$	(22)
Other comprehensive loss				
Foreign currency translation		**(5)**		–
Future income taxes		**(2)**		(1)
Comprehensive loss	$	**(12)**	$	(23)

(See accompanying notes)

Notes to the Consolidated Financial Statements

(unaudited)
(in US $, unless otherwise noted)

NOTE 1. ACCOUNTING POLICIES

Basis of Presentation

The interim financial statements should be read in conjunction with the most recently issued Annual Report of Norbord Inc. ("the Company"), which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies and practices were presented in Note 1 to the annual consolidated financial statements, and have been consistently applied in the preparation of these interim financial statements.

The interim financial statements are unaudited. Financial information in the interim consolidated financial statements, reflects information that is, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain prior period amounts have been reclassified to conform to the current period's presentation.

The consolidated financial statements include the accounts of the Company and all of its subsidiaries including an interest in a joint venture which has been proportionately consolidated.

NOTE 2. FUTURE CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards (IFRS)

In February 2008, the Accounting Standards Board (AcSB) confirmed that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on or after January 1, 2011.

Business Combinations

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, which requires that all assets and liabilities of an acquired business will be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in periods after the acquisition date. The new standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or following January 1, 2011. The Company will assess the impact of this new standard at the time of any applicable acquisitions.

Consolidations and Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1601, *Consolidations*, and Section 1602, *Non-Controlling Interests*. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of this new standard on its financial statements.

NOTE 3. ACCOUNTS RECEIVABLE

Norbord has an $85 million accounts receivable securitization program with a highly rated financial institution. Under the program, Norbord has transferred substantially all of its present and future trade accounts receivable to the financial institution, on a fully serviced basis, for proceeds consisting of cash and deferred purchase price. At period end, Norbord recorded cash proceeds of $54 million (2009 – $62 million) relating to this program.

Norbord

The securitization program is subject to the following financial covenants with which the Company must comply on a quarterly basis: minimum tangible net worth of $300 million, and maximum net debt to total capitalization on a book basis of 65%. At period end, the Company's tangible net worth was $322 million and net debt to total capitalization, book basis, was 58%. In addition, the program contains trade accounts receivable portfolio performance covenants and standard reporting requirements. The program is not subject to any credit-rating requirements.

NOTE 4. INVENTORY

(US $ millions)	**Mar 27 2010**	Dec 31 2009
Raw materials	$ **24**	$ 13
Finished goods	**43**	33
Operating and maintenance supplies	**25**	25
	$ **92**	$ 71

At period end, the provision to reflect inventories at the lower of cost and net realizable value was $nil (2009 – $1 million).

The amount of inventory recognized as an expense was as follows:

(US $ millions)	**Q1 2010**	Q1 2009
Cost of inventories	$ **166**	$ 154
Depreciation on property, plant & equipment	**10**	15
	$ **176**	$ 169

NOTE 5. OTHER ASSETS

(US $ millions)	**Mar 27 2010**	Dec 31 2009
Unrealized net investment hedge gains *(note 12)*	$ **11**	$ 2
Unrealized interest rate swap gains *(note 12)*	**5**	4
Other	**–**	1
	$ **16**	$ 7

The unrealized net investment hedge gains and unrealized interest rate swap gains are offset by unrealized losses on the underlying exposures being hedged.

NOTE 6. LONG-TERM DEBT

(US $ millions)	**Mar 27 2010**	Dec 31 2009
Principal value		
7 ¼% debentures due 2012	$ **240**	$ 240
Senior notes due 2017	**200**	200
Revolving bank lines	**18**	27
	458	467
Debt issue costs	**(5)**	(6)
Deferred interest rate swap gains	**5**	6
Unrealized interest rate swap gains *(note 5)*	**5**	4
	$ **463**	$ 471

Revolving Bank Lines
The Company has committed revolving bank lines of $205 million which mature in May 2011 and bear interest at money market rates plus a margin that varies with the Company's credit rating. At period end, $18 million of the revolving bank lines was drawn as cash, $8 million was utilized for letters of credit, and $179 million was available to support short-term liquidity requirements.

The bank lines contain two quarterly financial covenants; minimum tangible net worth of $250 million and maximum net debt to total capitalization, book basis of 70%. Effective January 1, 2011, the maximum net debt to total capitalization, book basis covenant reduces to 60%. Net debt includes total debt less drawings under the Brookfield debt facility less cash and cash equivalents plus letters of credit issued. At period end, the Company's tangible net worth was $322 million and net debt for financial covenant purposes was $452 million. Net debt to total capitalization, book basis, was 58%.

Interest Rate Swaps
At period end, the Company had outstanding interest rate swaps of $115 million (2009 – $115 million). The terms of these swaps correspond to the terms of the underlying hedged debt. The unrealized interest rate swap gains are offset by unrealized losses on the underlying exposures being hedged.

NOTE 7. OTHER LIABILITIES

(US $ millions)	**Mar 27 2010**	Dec 31 2009
Accrued employee benefits	**$ 6**	$ 6
Other liabilities	**3**	3
	$ **9**	$ 9

NOTE 8. SHAREHOLDERS' EQUITY

Rights Offering
On January 6, 2009, pursuant to a Standby Purchase Agreement in connection with a Rights Offering (the Offering), Brookfield purchased an additional 16.3 million common shares and 81.5 million common share purchase warrants for gross proceeds of approximately $120 million (CAD $144 million). A standby fee of approximately $2 million was paid to Brookfield based on 1% of the gross proceeds of the Offering. Proceeds from the Offering, net of share issue costs, were used to repay drawings under the Brookfield debt facility and revolving bank lines.

Warrants
During the quarter, less than 0.1 million common shares were issued as a result of warrants exercised for proceeds of less than $1 million (2009 – nil).

Stock Options
During the quarter, 0.5 million options were granted under the stock option plan (2009 – 0.1 million). Stock option expense of less than $1 million was recorded against contributed surplus (2009 – less than $1 million).

During the quarter, less than 0.1 million common shares (2009 – less than 0.1 million) were issued as a result of options exercised under the stock option plan for proceeds of less than $1 million (2009 – less than $1 million).

NOTE 9. EARNINGS PER COMMON SHARE

(US $ millions, except per share information, unless otherwise noted)		Q1 2010		Q1 2009
Earnings available to common shareholders	**$**	**(5)**	$	(22)
Common shares (millions):				
Weighted average number of common shares outstanding		**43.2**		42.3
Stock options [(1)]		**–**		–
Warrants [(1)]		**–**		–
Diluted number of common shares		**43.2**		42.3
Earnings per common share:				
Basic and diluted	**$**	**(0.12)**	$	(0.52)

[(1)] Applicable if dilutive and when the weighted average share price for the period was greater than the exercise price for vested stock options and warrants.

NOTE 10. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balance comprises:

(US $ millions)		Q1 2010		Q1 2009
Cash provided by (used for):				
Accounts receivable	**$**	**(20)**	$	(32)
Inventory		**(23)**		(17)
Accounts payable and accrued liabilities		**(14)**		(32)
	$	**(57)**	$	(81)

Cash and cash equivalents comprises:

(US $ millions)		Q1 2010		Q1 2009
Cash	$	**10**	$	6
Cash equivalents		**4**		5
	$	**14**	$	11

NOTE 11. CAPITAL MANAGEMENT

Norbord's capital structure at period end consisted of the following:

(US $ millions)	Mar 27 2010	Dec 31 2009
Long-term debt, principal value	**$ 458**	$ 467
Add: Drawings under Brookfield debt facility(1)	**–**	–
Less: Cash and cash equivalents	**(14)**	(21)
Net debt	**444**	446
Add: Letters of credit	**8**	**8**
Net debt for financial covenant purposes	**452**	454
Shareholders' equity	**322**	334
Add: Drawings under Brookfield debt facility(1)	**–**	–
Tangible net worth	**322**	334
Total capitalization	**$ 774**	$ 788
Net debt to capitalization, book basis	**58%**	58%
Net debt to capitalization, market basis	**43%**	48%

(1) Drawings under the Company's Brookfield debt facility are treated as equity for bank line financial covenant purposes.

NOTE 12. FINANCIAL INSTRUMENTS

Non-Derivative Financial Instruments

The net book values and fair values of non-derivative financial instruments were as follows:

		Mar 27 2010		Dec 31 2009	
(US $ millions)	Financial Instrument Classification	**Net Book Value**	**Fair Value**	Net Book Value	Fair Value
Financial Assets:					
Cash and cash equivalents	Held-for-trading	**$ 14**	**$ 14**	$ 21	$ 21
Accounts receivable	Loans and receivables	**43**	**43**	27	27
Tax receivable	Loans and receivables	**–**	**–**	57	57
		$ 57	**$ 57**	$ 105	$ 105
Financial Liabilities:					
Accounts payable and accrued liabilities	Other liabilities	**$ 122**	**$ 122**	$ 140	$ 140
Long-term debt	Other liabilities	**463**	**468**	471	474
		$ 585	$ **590**	$ 611	$ 614

Derivative Financial Instruments

Information about derivative financial instruments was as follows:

	Mar 27 2010		Dec 31 2009	
(US $ millions, unless otherwise noted)	**Notional Value**	**Unrealized Gain at Period End(1)**	Notional Value	Unrealized Gain at Period End(1)
Currency hedges:				
Net investment				
UK	**£56**	**$7**	£56	$1
Belgium	**€40**	**4**	€40	1
Monetary liabilities	**CAD $19**	**–**	CAD $9	–
Interest rate hedges:				
Interest rate swaps	**$115**	**5**	–	4

(1) The carrying values of the derivative financial instruments are equivalent to the unrealized gain at period end.

During the quarter, the Company realized a $1 million gain (2009 - $3 million gain) on its matured UK net investment hedges, $nil (2009 - $1 million loss) on its matured Belgium net investment hedges and $nil (2009 - $nil) on its matured monetary liability hedges.

Realized and unrealized gains and losses on derivative financial instruments are offset by realized and unrealized losses and gains on the underlying exposures being hedged.

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 Brookfield during the normal course of business.

Brookfield Debt Facility

The Company has a debt facility with Brookfield of $50 million which bears an interest rate equal to the greater of 8% and US base rate plus ½% and is subordinated to the revolving bank lines. At period end, the facility was undrawn (2009 – nil).

Rights Offering

In connection with the Offering (note 8), 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 to by other shareholders of the Company. On January 6, 2009, upon completion of the standby commitment, Brookfield increased its ownership interest to approximately 73%.

Secondary Offering

On March 10, 2010, Brookfield and the Company entered into an agreement with a syndicate of investment dealers to complete a secondary offering of Norbord's common shares. Under the agreement, the syndicate purchased 9 million common shares at a purchase price of CAD $16.70 per common share for gross proceeds of CAD $150 million on March 30, 2010. Brookfield offered 8.7 million shares and the Company's senior management offered 0.3 million shares. Brookfield also granted the underwriters an over-allotment option, exercisable in whole, or in part, at any time for a period of 30 days from closing, to purchase up to an additional 0.9 million shares. On March 30, 2010, upon completion of the secondary offering, but before giving effect to the over-allotment option, Brookfield's ownership decreased to approximately 52% of common shares outstanding. Norbord did not receive any proceeds from the offering.

Other

During the quarter the Company provided certain administrative services to Brookfield or its affiliates which was charged on a cost recovery basis. In addition, the Company periodically engaged the services of Brookfield or its affiliates for various financial, real estate and other business advisory services. During the quarter, the fees for these services were less than $1 million (2009 – less than $1 million) and were charged at market rates.

NOTE 14. GEOGRAPHIC SEGMENTS

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

				Q1 2010
(US $ millions)	North America	Europe	Unallocated	Total
Net sales	**$ 109**	**$ 75**	**$ –**	**$ 184**
EBITDA(1)	**8**	**5**	**(4)**	**9**
Depreciation	**6**	**4**	**–**	**10**
Property, plant and equipment	**660**	**175**	**2**	**837**
Investment in property, plant and equipment	**1**	**–**	**–**	**1**

				Q1 2009
(US $ millions)	North America	Europe	Unallocated	Total
Net sales	$ 85	$ 71	$ –	$ 156
EBITDA(1)	(12)	1	(3)	(14)
Depreciation	10	5	–	15
Property, plant and equipment	680	184	3	867
Investment in property, plant and equipment	5	–	–	5

(1) EBITDA is earnings before interest, income tax, depreciation, and foreign exchange loss.