

Weldwood

1983

Annual Report

HOWARD ROSS LIBRARY
OF MANAGEMENT
APR 2 1984
MCGILL UNIVERSITY



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The Twentieth Annual General Meeting of the Company will be held in the Victoria Room, Holiday Inn, 1133 West Hastings Street, Vancouver, B.C. on Thursday, April 26, 1984 at 11:00 a.m.

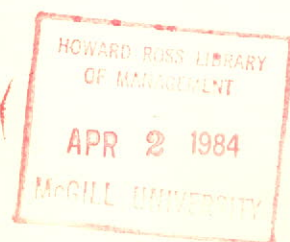
Financial Highlights

| <i>(dollars in thousands, except per share)</i> | 1983 | 1982 |
|---|-----------|-----------|
| Sales and Income | | |
| Net sales | \$586,153 | \$415,201 |
| Income (loss) before income taxes | 13,285 | (33,409) |
| Income taxes (recovery) | 3,717 | (17,490) |
| Net income (loss) | 9,568 | (15,919) |
| Per Common and Ordinary Share | | |
| Net earnings (loss) | \$ 1.95 | \$ (3.26) |
| Dividends | | |
| Common | 0.50 | 0.25 |
| Ordinary | 0.50 | 0.25 |
| Shareholders' equity | 32.64 | 31.21 |
| Financial position | | |
| Working capital | \$111,028 | \$104,848 |
| Total assets | 351,094 | 332,881 |
| Long-term debt | 82,487 | 92,946 |
| Shareholders' equity | 160,524 | 153,347 |
| Analytical information | | |
| Ratio of current assets to current liabilities | 2.45:1 | 2.78:1 |
| Net debt as percentage of total capitalization (1) | 32.3% | 35.8% |
| Return on average capital employed (2) | 5.3% | (3.0%) |
| Return on shareholders' equity (3) | 6.2% | (9.4%) |
| Capital expenditures | \$ 15,163 | \$ 3,169 |

NOTES: (1) Net debt is defined as all interest-bearing debt less temporary investments. Total capitalization is defined as the sum of net debt, deferred income taxes and shareholders' equity.

(2) Return on average capital employed is defined as net income after tax (before interest expense) divided by average total capitalization.

(3) Return on shareholders' equity is defined as net income less dividends paid on Preference Shares divided by Common and Ordinary shareholders' equity at the beginning of the year.



Directors' Report to the Shareholders

The 1983 results for your company showed the greatest improvement on a year over year basis that we have ever experienced. Unfortunately we are comparing the disastrous losses of 1982 to an unsatisfactory level of profit in 1983.

We had substantial increases in volume of sales in all products for the year and this resulted in total sales increasing from \$415,201,000 in 1982 to \$586,153,000 in 1983. This resulted in a profit of \$9,568,000 in 1983 compared with a loss of \$15,919,000 in 1982, or earnings of \$1.95 per share in 1983 compared to a loss of \$3.26 per share in 1982.

Market conditions throughout 1983 continued to reflect the extreme fragility and sensitivity of the economic recovery.

Significant increases in the level of housing starts in both Canada and the U.S. in the early part of the year caught everyone by surprise. Production levels had been curtailed and inventories were low and, as a result, prices for all our wood products in North American markets rose substantially throughout the first half of the year. However, as housing activity levelled off and production geared up, prices fell dramatically and we ended the year with prices not substantially different from, and in many cases lower than at the end of 1982.

Offshore markets for virtually all our products remained extremely poor throughout the year. This was, to a degree, a result of the much slower

economic recovery in those areas as compared to the U.S., but was most dramatically related to the continuing strength of the Canadian dollar against currencies in customer and competing producer countries. This situation was particularly aggravated by the devaluation of the currencies of the Scandinavian countries which are our major competitors in the markets in Europe.

The most significant factor in the strength of the dollar is the level of interest rates in the U.S. in particular, and only a substantial reduction in those rates would alleviate the problem. At this time that does not appear to be likely.

Productivity was up in all our operations with record production levels in most facilities. This was almost entirely a result of an outstanding effort from all the employees of the company, and for that we owe them a great deal of gratitude.

Our Wholesale Building Materials distribution business had an excellent year in its activities across Canada, with further operating improvements implemented to increase cost effectiveness.

Over-all the financial results for the year reflected in a very major way the cost reducing measures implemented during 1981 and 1982. Without these measures we would not have been in a profitable position despite an improvement in market conditions.

The results for the year, despite the fact that

they were far from adequate, do indicate the potential of the company and what is possible if conditions were to improve to any reasonable degree.

We are pleased that the industry arrived at a contract agreement with the I.W.A. late in 1983 that expires in June of 1986. We feel that the settlement was appropriate to the conditions we face and will allow for a more secure environment for our employees for the period.

At the time of writing, the industry had not yet achieved a settlement with the pulp unions on their contracts which expired in 1983.

We reactivated the construction of our new sawmill at 100 Mile House in mid-1983 and we expect that the project will be completed at less than the estimated cost of \$30 million.

We regret that this project will result in a significant reduction in the workforce in that location, but in order to create a secure future for the operation the project was absolutely necessary. Action is being taken, in cooperation with the I.W.A. and our employees, to relocate as many people as possible at other company locations in the interior of B.C.

1984 Outlook

We enter 1984 with many of the same concerns that we had a year ago. There are still no firm signs of recovery in offshore markets for wood products, although we are hopeful that we will

see gradual improvement. Currency exchange rates remain our most serious obstacle.

There are varying degrees of concern in respect to the longevity of the North American recovery but we look forward to a reasonable year in those markets.

We do not anticipate a return to the buoyant but dangerous inflation-fed era of the late 70's.

Pulp markets are forecast to improve as the year progresses, and if this occurs it will be a welcome relief from the depressed conditions we have been experiencing for more than two years.

It appears that we are now close to a final government approval for our joint venture Quinsam coal project with Brinco Limited near Campbell River, B.C., but the project could be delayed somewhat because of depressed markets.

Long-Term Outlook

A long-term outlook is difficult to develop with our industry experience of the past several years. However, we are confident that there is a successful and profitable future for cost effective participants in the commodity forest products business. Our major thrust will continue to be towards excellence in that respect.

Once again I would like to thank all of our employees for their determined efforts which have been instrumental in allowing us the degree of success we have had during continuing difficult times.

On behalf of the Directors



THOMAS A. BUELL

*Chairman of the Board,
President and Chief Executive Officer*

Review of Operations

1983 was a year of high productivity for the company, with several of our operating sectors setting production records and virtually all benefiting from improved markets for their products.

Weldwood produces lumber, plywood, veneer and waferboard. Company operations include six softwood sawmills in British Columbia and two hardwood mills in Ontario; four softwood plywood plants in B.C. and two specialty plywood plants, one each in B.C. and Ontario; a softwood veneer plant in B.C. and two hardwood veneer plants in Ontario; and two waferboard plants, one each in Ontario and Alberta. The company also holds major interests in Houston Forest Products Company, Babine Forest Products Limited, both softwood sawmills, and Cariboo Pulp & Paper Company, all in the interior of B.C.

Lumber

Softwood lumber production, including the company's shares of Houston and Babine's production, was a record 668 million board feet in 1983. This is more than 90 million board feet higher than in any previous year and an increase of 28 per cent over 1982's 521 million board feet.

In the interior of B.C., the five company and affiliate mills ran at full capacity to meet increased U.S. demands for spruce-pine-fir dimension lumber. Of the B.C. coastal mills, Flavelle Cedar ran at capacity, while Timberland, which produces fir primarily for overseas markets, operated at about 90 per cent of its rated production level. Production curtailments occurred throughout the year at Empire Lumber in Squamish, which produces hemlock lumber primarily for Japan and other overseas markets. Weldwood's Ontario mills produced 30 million

board feet of hardwood lumber, up from 27 million in 1982.

Construction resumed in August on the new sawmill at 100 Mile House. The mill was started in August, 1981, but completion was delayed until economic conditions improved. Start-up is scheduled for May, 1984.

The new sawmill will be a first class, state-of-the-art facility with an annual capacity of 154 million board feet. The capacity of the mill it replaces is 72 million. Both the existing sawmill and the plywood plant at 100 Mile House will cease operations when the new mill is completed.

Another important sawmill project in 1983 was at Babine, where optical scanners were installed to maximize yield from the trim saws.

Panelboard

Plywood production in 1983 was 608 million square feet (3/8 inch basis), the highest in five years and 26 per cent higher than in recession-riddled 1982. This production included a record 59 million square feet of hardwood and specialty plywood, compared with 51 million the previous year; and 549 million square feet of softwood plywood, compared with 430 million square feet in 1982.

Waferboard production more than doubled in 1983 to a record 179 million square feet from the previous year's very low level of 80 million.

Pulp

Cariboo Pulp & Paper Company continued to increase its output in 1983, producing a record 282,000 short air dried tons of bleached kraft pulp. In 1982, the mill produced 266,000 tons.

Cariboo has been achieving consistent production gains through a systematic program to improve efficiency which was begun in 1980.

Logging and Forestry

Weldwood and its affiliates harvested a record 4.8 million cubic metres of wood in 1983, up from 3.6 million in 1982.

On the B.C. coast, the harvest was 1.2 million cubic metres, compared with 601,000 in 1982; while in the interior of the province, the harvest was a record 3.2 million, up from 2.8 million the previous year.

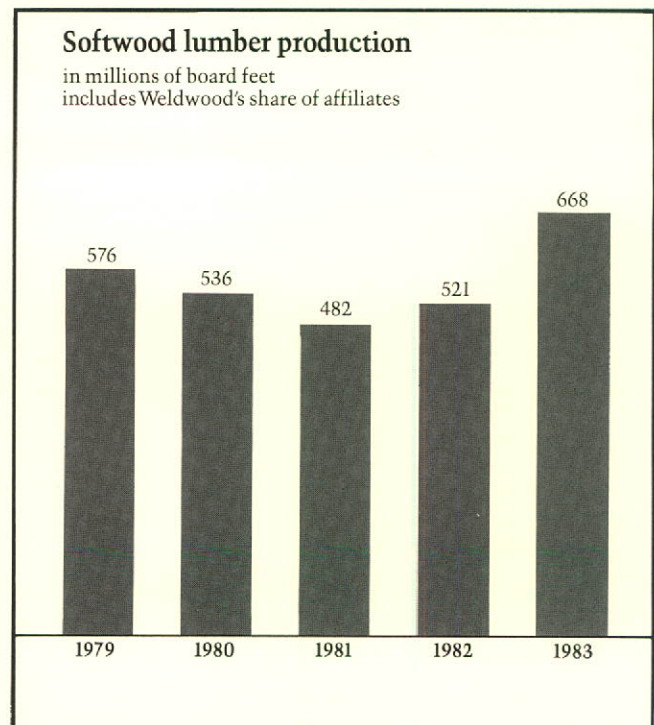
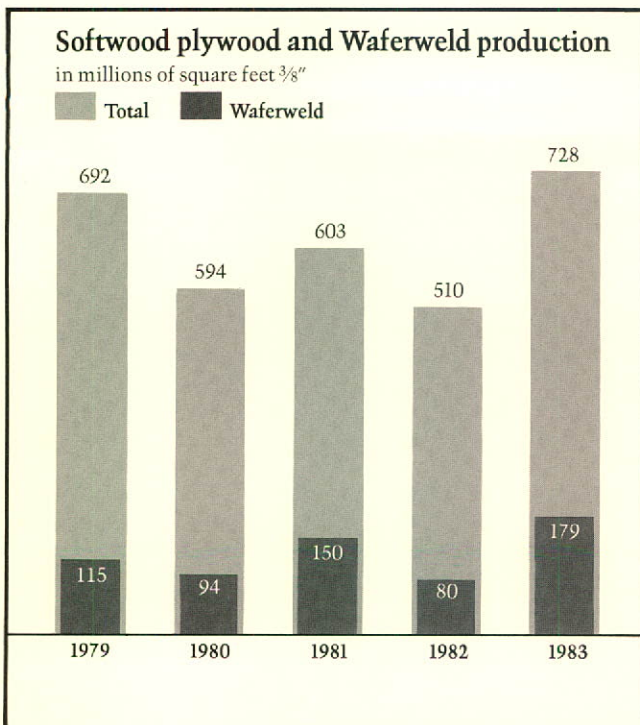
The severe infestation of pine and spruce beetles continued in the B.C. interior, and as in previous years, logging was concentrated in infested areas. The only way to control the spread of the beetles is by removing infected trees. Lumber from these trees is not affected if the wood is salvaged before decay sets in—usually about three years after the beetle attack.

About 425 kilometres of new roads were built during the year at Weldwood and affiliated logging operations.

Reforestation in 1983 remained at the previous year's level of 6.8 million seedlings. Nearly 5,000 hectares of land were reforested, and another 5,200 were prepared for future planting by scarification or slashburning. Other forest management activities included brush control, conifer release and the collection of cones for seedling production.

Safety

The safety record at Weldwood and affiliate operations improved in 1983 for the fifth consecutive year, with the frequency of lost-time accidents dropping to 27.7 per million man-hours from 29.1 in 1982.



Marketing

1983 brought an upswing in wood products markets in North America, with improved demand throughout the year and high prices in the first half.

During the first six months, gradually declining interest rates and a trend to more affordable mortgages began to release pent-up demand for housing in both Canada and the U.S. In Canada, government incentives in the first half were a further spur to residential construction.

At midyear, interest rates began to level off, creating uncertainty and some lack of confidence in the recovery. Although demand for wood products remained reasonably strong in the second half, buyers were reluctant to commit themselves and prices began to drop.

In overseas markets, the year brought little relief from the depressed conditions of the past couple of years. For North American producers, the general lack of demand was exacerbated by the high value of the dollar against Japanese and European currencies. Weldwood's lumber and panelboard products are marketed overseas and on the east coast of the U.S. by Seaboard Lumber Sales Company Limited.

The overseas situation brought further pressure to bear on U.S. markets and prices weakened further in the face of strong competition.

Pulp markets were weak throughout most of 1983 but gained some strength towards year end, particularly in the improved U.S. economy.

Panelboard

Panelboard sales in 1983 increased to \$219 million from \$152 million the previous year. Prices improved significantly during the first seven months but fell drastically during the third quarter. Softwood plywood accounted for \$138 million of 1983 sales, compared with \$102 million in 1982.

The improvement in panelboard sales was primarily attributable to increased construction activity in Canada, where Weldwood sells about 85 per cent of its plywood.

In 1983, Canadian housing starts increased 30 per cent over the previous year's level, creating

strong demand for both softwood plywood and waferboard whose combined volume was a new high for the company.

Overseas panelboard markets continued depressed, with sales dropping below the 1982 level.

Lumber

Total sales of softwood lumber in 1983 were \$225 million, a vast improvement from 1982's level of \$142 million.

Most of the increase came from sales of spruce-pine-fir dimension lumber to the U.S., although prices for this product declined in the second half. Housing starts in the U.S. increased to 1.7 million in 1983, 70 per cent more than in 1982, but still below pre-recession levels.

Canadian lumber sales were also strong in 1983, but overseas markets remained poor with sales only slightly exceeding the previous year's.

Wholesale Building Materials

Our wholesale building materials distribution business enjoyed the best sales year in its history in 1983 and made an important contribution to the company's profits.

In addition to selling a record volume of softwood plywood and waferboard, our Canada-wide distribution division achieved record lumber sales. The high level of activity in domestic construction and home renovation markets also resulted in strong sales of many of the building materials we distribute on behalf of other manufacturers, most notably vinyl siding and panel products.

The distribution division undertook a major reorganization in the fall of 1983, implementing a shift from divisional to centralized management of sales and operations. This centralized approach combined with strong regional sales offices will contribute to increased emphasis on customer sales and service.

The consolidation of distribution operations neared completion in 1983 with the Sudbury distribution centre assuming responsibility for the northern Ontario area formerly served from

Kirkland Lake. The consolidation was begun in 1982 to increase the division's efficiency, and will continue in 1984 with a new facility in London to serve the London and Windsor sales areas. The Windsor warehouse will be closed.

At the end of 1983, Weldwood operated 22 distribution centres coast to coast.

Pulp

Pulp markets levelled off in 1983 after a decline of more than two years and had begun to show some strengthening by the latter part of the year. Paper consumption gradually increased in

Europe and the U.S. where Weldwood's Cariboo pulp is sold. Although a further devaluation of the kroner in 1983 gave Swedish producers a competitive edge in a weak market, by year end increased demand had begun to push prices up.

Company sales of bleached kraft pulp in 1983 were \$52.7 million, up slightly from the previous year's \$52.4 million.

Weldwood receives 50 per cent of the production of Cariboo Pulp & Paper Company and retains Price and Pierce International Ltd. as its exclusive sales agent for pulp.

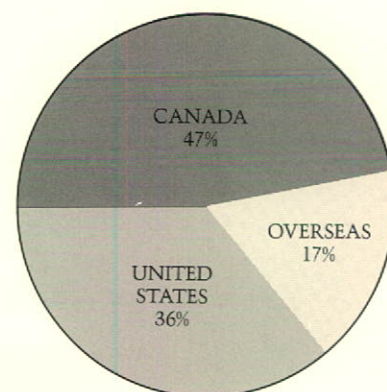
Net Sales by Product *(in millions)*

| | 1983 | 1982 | 1981 | 1980 |
|---|----------------|----------------|----------------|----------------|
| Products produced by Weldwood: | | | | |
| Softwood plywood and Waferweld..... | \$162.7 | \$115.3 | \$146.6 | \$134.6 |
| Hardwood plywood..... | 29.9 | 18.6 | 22.1 | 19.0 |
| Softwood lumber..... | 168.5 | 112.1 | 111.1 | 112.3 |
| Hardwood lumber..... | 5.6 | 6.2 | 7.8 | 7.8 |
| Veneer..... | 6.3 | 3.7 | 4.6 | 5.6 |
| Logs..... | 19.6 | 9.9 | 14.8 | 23.3 |
| Pulp..... | 52.7 | 52.4 | 54.0 | 62.2 |
| | <u>445.3</u> | <u>318.2</u> | <u>361.0</u> | <u>364.8</u> |
| Products purchased and resold..... | 140.9 | 97.0 | 120.1 | 103.1 |
| | <u>\$586.2</u> | <u>\$415.2</u> | <u>\$481.1</u> | <u>\$467.9</u> |

Net Sales by Market *(in millions)*

| | 1983 | | | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | Total | Canada | U.S. | Overseas |
| Softwood plywood and Waferweld..... | \$165.6 | \$143.9 | \$ 8.5 | \$ 13.2 |
| Hardwood plywood..... | 53.3 | 44.7 | 8.2 | 0.4 |
| Softwood lumber..... | 225.0 | 56.9 | 140.2 | 27.9 |
| Hardwood lumber..... | 6.6 | 3.5 | 2.1 | 1.0 |
| Veneer..... | 6.3 | 1.5 | 4.6 | 0.2 |
| Logs..... | 21.8 | 21.0 | — | 0.8 |
| Pulp..... | 52.7 | — | 20.6 | 32.1 |
| Other products..... | 54.9 | 54.7 | — | 0.2 |
| Total..... | \$586.2 | \$326.2 | \$184.2 | \$ 75.8 |
| % 1983..... | 100.0 | 55.6 | 31.4 | 13.0 |
| % 1982..... | 100.0 | 53.0 | 28.5 | 18.5 |

Net sales by market of products produced by Weldwood



Financial Review

Restraint and control continued to be emphasized by the company throughout 1983. Improved productivity, strict controls on staff hiring, restrictions on discretionary spending and matching inventories with the level of business activity all contributed significantly to the profitability achieved for the year.

In anticipation of improved business conditions, year-end inventories were increased. Capital expenditures in 1983 totalled \$15 million of which close to \$9 million was for the new sawmill at 100 Mile House, B.C. Despite the increased working capital requirements and capital expenditures, the company's total net debt position decreased by \$9 million with the year-end percentage of net debt to total capitalization reduced to 32.3.

Our strong financial position, and the presumption that there will be a modest improvement in business conditions, will allow a higher level of capital expenditures in 1984. The completion of the 100 Mile House sawmill and a number of profit improvement projects make up the bulk of a program which, at present, totals in excess of \$30 million.

The full impact of foreign exchange on earnings is always difficult to quantify. The strength of the U.S. dollar against currencies other than the Canadian dollar has a major effect on our operating results, but this cannot be precisely measured. However, actual transactions in U.S. dollars affected 1983 earnings by 18 cents per share for each one cent difference in the exchange rate.

For 1983, the effective income tax rate was 28

per cent. This low rate is the result of deductions allowable for tax purposes which are neither related to nor determined by the level of pre-tax income. Details are included in the Notes to Financial Statements.

During the year, dividends of 50 cents per share were paid on both Common and Ordinary Shares. Common Shares commenced trading in 1983 on the Toronto Stock Exchange at \$26½ and closed at \$36¼. A total of 390,083 shares were traded and there were 1,267 shareholders at year end.

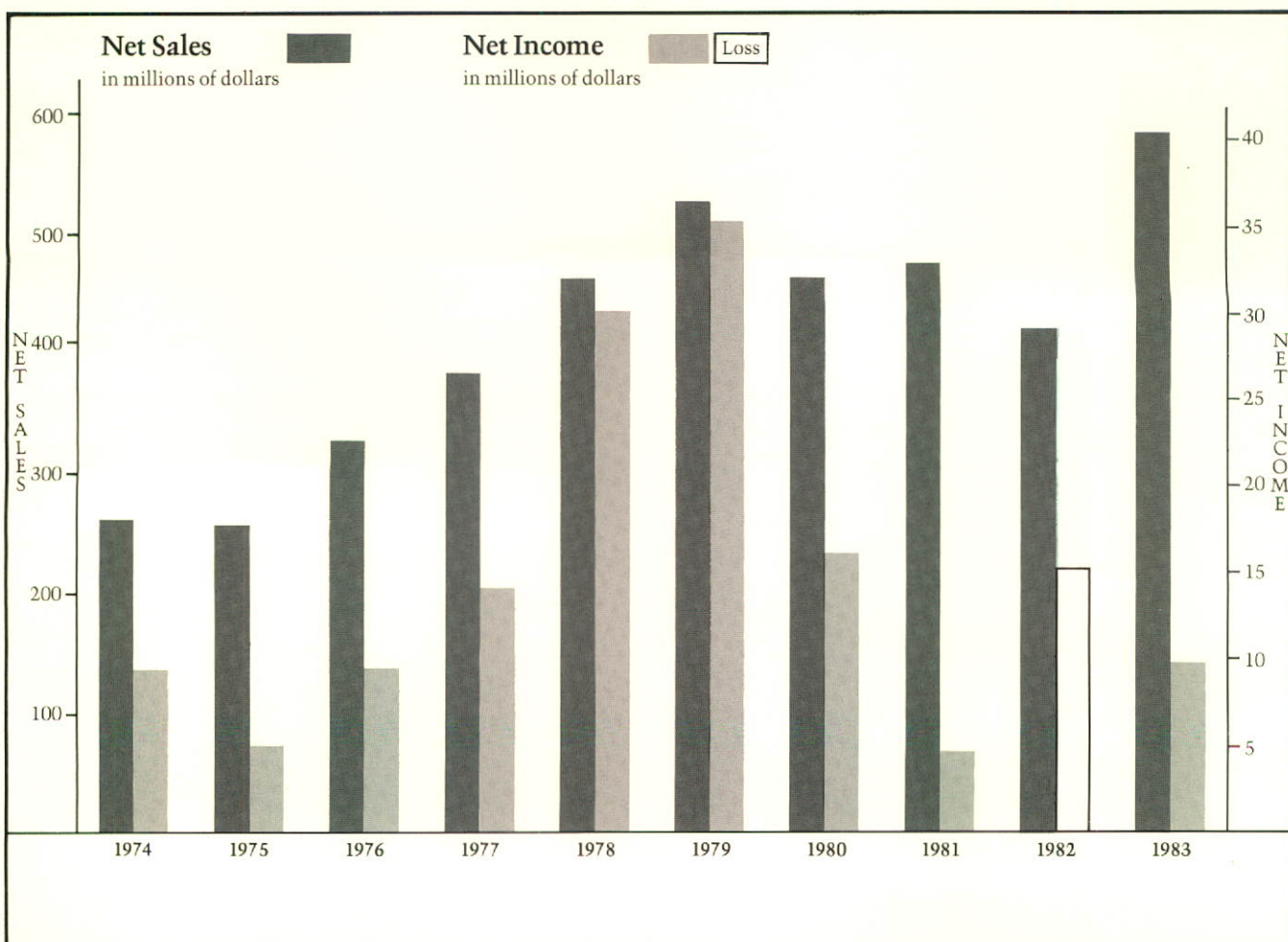
In December 1982, the Accounting Standards Committee of the Canadian Institute of Chartered Accountants released new recommendations for reporting certain of the effects of changing prices on an enterprise. These propose that large publicly held companies present current cost information as an unaudited supplement to the historical cost annual financial statements.

After extensive deliberation and review we have decided not to follow these recommendations at this time. The required information would introduce additional complexity without adding to the comparability of financial results between industries or even companies within the same industry. In addition, the compilation of reliable and accurate current cost data would be expensive and the results would vary greatly due to the highly subjective assumptions needed for its preparation.

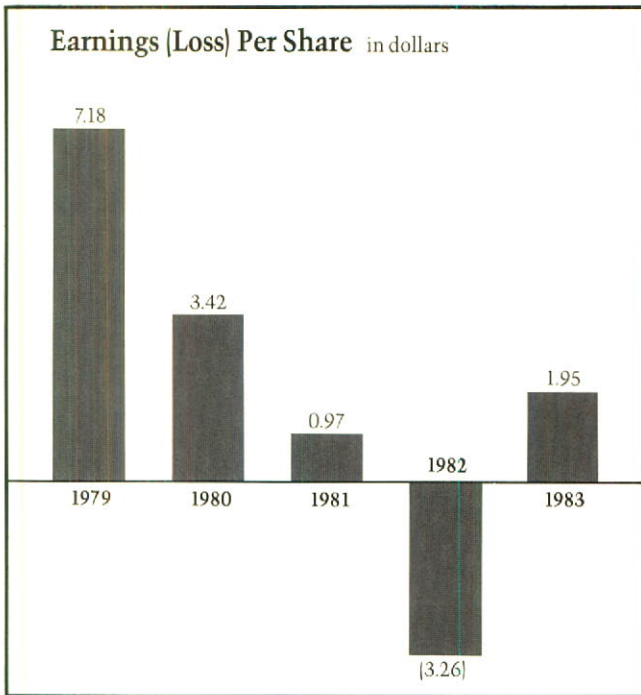
It is our belief that the presentation of current cost information would be confusing and possibly misleading.

Capital Expenditures

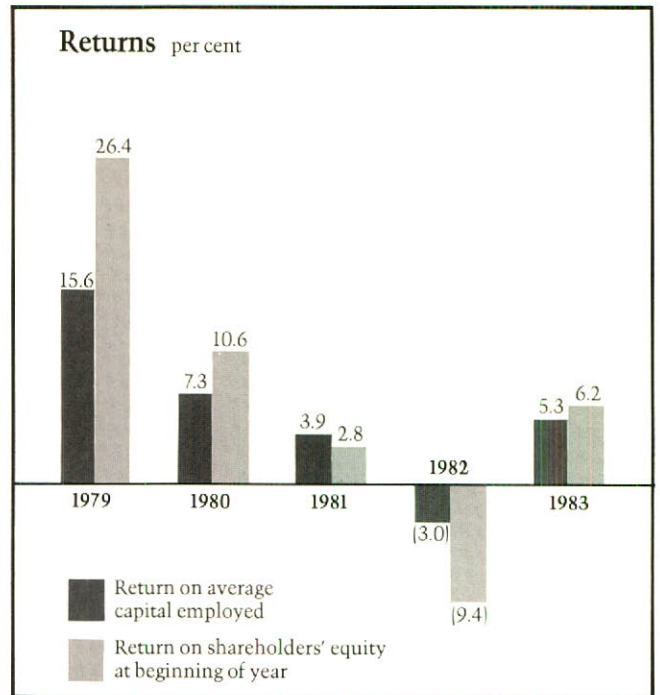
| <i>(in thousands)</i> | 1983 | 1982 | 1981 | 1980 | 1979 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Manufacturing and logging | \$ 9,851 | \$ 1,337 | \$11,816 | \$15,046 | \$29,708 |
| Logging roads..... | 3,125 | 757 | 1,908 | 5,643 | 7,480 |
| Sales distribution..... | 1,116 | 48 | 981 | 2,914 | 1,204 |
| Pulp | 272 | 595 | 3,463 | 943 | 1,342 |
| Other | 799 | 432 | 792 | 3,603 | 1,858 |
| | <u>\$15,163</u> | <u>\$ 3,169</u> | <u>\$18,960</u> | <u>\$28,149</u> | <u>\$41,592</u> |



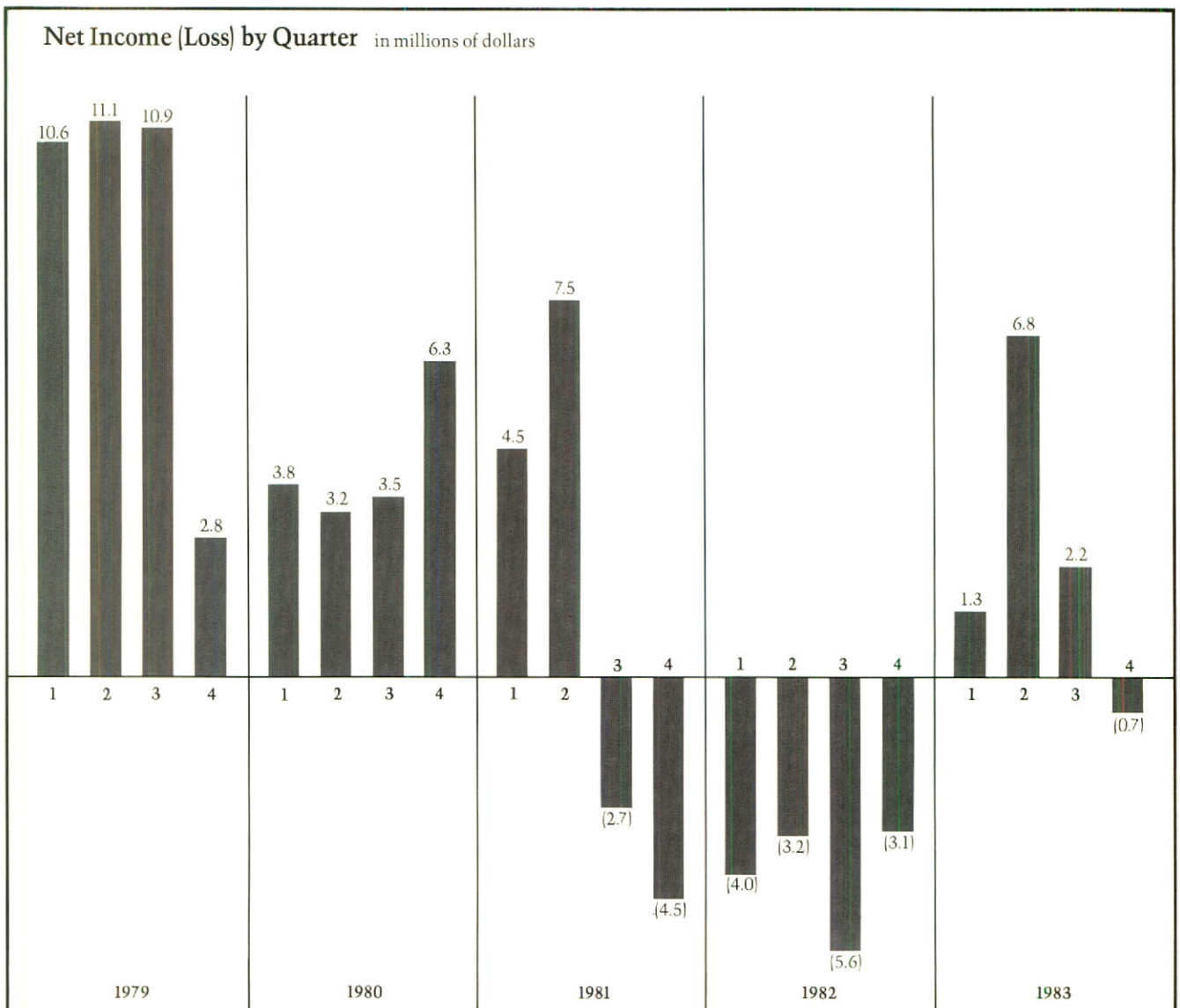
Earnings (Loss) Per Share in dollars



Returns per cent



Net Income (Loss) by Quarter in millions of dollars



Consolidated Income and Retained Earnings

For the Years Ended December 31

| <i>(in thousands, except per share)</i> | 1983 | 1982 |
|---|------------------|------------------|
| Net sales | <u>\$586,153</u> | <u>\$415,201</u> |
| Costs and expenses | | |
| Cost of sales | 501,150 | 373,586 |
| Selling, shipping and warehouse | 22,206 | 21,736 |
| General and administrative | 25,881 | 25,446 |
| Depreciation, depletion and amortization (Note 14) | 20,108 | 18,031 |
| Interest—long-term debt | 9,820 | 6,437 |
| —current borrowings | 1,131 | 7,471 |
| | <u>580,296</u> | <u>452,707</u> |
| Other income | | |
| Interest | 1,771 | 411 |
| Gain on disposal of property and equipment .. | 321 | 209 |
| Other (Note 15) | 5,336 | 3,477 |
| | <u>7,428</u> | <u>4,097</u> |
| Income (loss) before income taxes | 13,285 | (33,409) |
| Income taxes (recovery) (Note 16) | 3,717 | (17,490) |
| Net income (loss) | 9,568 | (15,919) |
| Retained earnings—beginning of year | 99,854 | 117,023 |
| | <u>109,422</u> | <u>101,104</u> |
| Dividends (Note 13) | 2,479 | 1,250 |
| Retained earnings—end of year (Note 8) | <u>\$106,943</u> | <u>\$ 99,854</u> |
| Earnings (loss) per share | <u>\$ 1.95</u> | <u>\$ (3.26)</u> |

Consolidated Balance Sheet*at December 31*

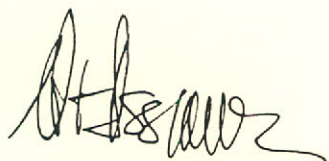
| ASSETS | <i>(in thousands)</i> | 1983 | 1982 |
|--|-----------------------|------------------|------------------|
| Current | | | |
| Temporary investments | | \$ 14,748 | \$ 10,000 |
| Accounts receivable (Note 2) | | | |
| Trade | | 47,298 | 40,118 |
| Affiliates..... | | 3,831 | 2,943 |
| Other..... | | 6,504 | 9,618 |
| Inventories (Note 3) | | 99,171 | 87,808 |
| Prepaid expenses..... | | 8,469 | 5,548 |
| Company's share of current assets of joint ventures | | 7,417 | 7,742 |
| | | <u>187,438</u> | <u>163,777</u> |
| Investments and other assets (Note 4) | | <u>8,650</u> | <u>9,422</u> |
| Timber and roads (Note 5) | | | |
| Timber holdings | | 3,817 | 4,305 |
| Logging roads..... | | 13,282 | 14,147 |
| | | <u>17,099</u> | <u>18,452</u> |
| Property and equipment (Notes 6 and 8) | | 256,794 | 246,723 |
| Accumulated depreciation | | 130,114 | 117,849 |
| | | <u>126,680</u> | <u>128,874</u> |
| Deferred charges (Note 7) | | 11,227 | 12,356 |
| | | <u>\$351,094</u> | <u>\$332,881</u> |

| LIABILITIES | <i>(in thousands)</i> | 1983 | 1982 |
|---|-----------------------|------------------|------------------|
| Current | | | |
| Bank indebtedness..... | | \$ 13,703 | \$ 11,554 |
| Accounts payable and accruals | | | |
| Trade..... | | 43,701 | 32,023 |
| Affiliates (Note 2) | | 1,133 | 1,477 |
| Income taxes | | 619 | 103 |
| Current instalments of long-term debt (Note 8) | | 10,232 | 6,488 |
| Company's share of current liabilities of joint ventures | | 7,022 | 7,284 |
| | | <u>76,410</u> | <u>58,929</u> |
| Long-term debt (Note 8) | | <u>82,487</u> | <u>92,946</u> |
| Deferred income taxes | | <u>31,673</u> | <u>27,659</u> |
| Commitments and contingencies (Notes 10 and 11) | | | |
| Shareholders' equity | | | |
| Share capital (Note 12)..... | | 47,042 | 46,954 |
| Contributed surplus..... | | 6,539 | 6,539 |
| Retained earnings (Note 8) | | 106,943 | 99,854 |
| | | <u>160,524</u> | <u>153,347</u> |
| | | <u>\$351,094</u> | <u>\$332,881</u> |

Approved by the Directors



THOMAS A. BUELL



PIT DESJARDINS

Consolidated Changes in Financial Position

For the Years Ended December 31

| <i>(in thousands)</i> | 1983 | 1982 |
|---|------------------|------------------|
| Sources of funds | | |
| Net income (loss) before gain on disposal of property and equipment | \$ 9,247 | \$ (16,128) |
| Depreciation, depletion and amortization | 20,108 | 18,031 |
| Increase (decrease) in deferred income taxes .. | 4,014 | (16,677) |
| Funds from (required for) operations | <u>33,369</u> | <u>(14,774)</u> |
| Proceeds from sale of property and equipment | 683 | 375 |
| Increase in share capital | 88 | 16 |
| Increase in long-term debt | — | 50,261 |
| | <u>34,140</u> | <u>35,878</u> |
| Uses of funds | | |
| Property and equipment | 12,028 | 2,400 |
| Timber and roads | 3,135 | 769 |
| Decrease in long-term debt | 10,459 | 6,438 |
| Dividends | 2,479 | 1,250 |
| Increase in deferred charges | 630 | 398 |
| Increase (decrease) in investments and other assets | (771) | 340 |
| | <u>27,960</u> | <u>11,595</u> |
| Increase in working capital | 6,180 | 24,283 |
| Working capital beginning of year | <u>104,848</u> | <u>80,565</u> |
| Working capital end of year | <u>\$111,028</u> | <u>\$104,848</u> |
| Changes in working capital components | | |
| Temporary investments—increase | \$ 4,748 | \$ 10,000 |
| Accounts receivable—increase | 4,954 | 5,721 |
| Inventories—increase (decrease) | 11,363 | (20,658) |
| Prepaid expenses—increase (decrease) | 2,921 | (755) |
| Bank indebtedness—(increase) decrease | (2,149) | 36,157 |
| Accounts payable and accruals—(increase) | (11,334) | (1,928) |
| Income taxes—(increase) | (516) | (130) |
| Current instalments of long-term debt—(increase) | (3,744) | (3,818) |
| Company's share of working capital of joint ventures—(decrease) | (63) | (306) |
| Increase in working capital | <u>\$ 6,180</u> | <u>\$ 24,283</u> |

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

A. CONSOLIDATION

The consolidated financial statements include all subsidiary companies (Note 18). The unamortized excess of the purchase price of the common shares of these subsidiaries over the net book value of their assets, amounting to \$4,193,000, has been included in timber holdings (\$2,098,000) and in property and equipment (\$2,095,000). This excess is being amortized over the estimated lives of the underlying principal assets; the maximum period of amortization is 27 years and the balance will be fully amortized by December 31, 1996. During 1983, \$530,000 of the excess was amortized and charged to income (1982—\$530,000).

B. PARTLY-OWNED COMPANIES

Investments in partly-owned companies (Note 18) are recorded by the equity method of accounting. The Company's share of the net income of these companies is included in Other income.

C. JOINT VENTURES

The investments in joint ventures (Note 18) are presented in the consolidated financial statements on a proportionate consolidation basis. Under this method, the Company's share of joint ventures' assets and liabilities is included in each major balance sheet classification.

The principals have equal interests in the ventures and each is committed to pay 50% of the production costs and to receive 50% of the production. The revenue from the sale of the Company's share of the production is included in Net sales and its share of costs is included in Costs and expenses.

D. INVENTORIES

Inventories are stated at the lower of average cost and net realizable value.

E. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Upon the sale or retirement of such assets, any resulting gain or loss is reflected in income.

F. DEPRECIATION

Except for major units of logging equipment, depreciation is calculated using the straight-line method at the following rates applied to the original cost less estimated salvage values:

| | |
|--|---------------|
| Buildings and land improvements | 3.0 to 5.0% |
| Machinery and equipment, other than logging..... | 7.2 to 20.0% |
| Logging equipment, other than major units | 16.7 to 33.3% |
| Automotive equipment and aircraft | 10.0 to 50.0% |

Major units of logging equipment are depreciated on a usage basis.

G. DEPLETION

Timber holdings are depleted on a production basis over the volume of timber to be harvested.

H. ROAD AMORTIZATION

Capitalized logging roads are amortized on a production basis, at rates based on the volume of timber developed.

I. DEFERRED CHARGES

Significant development, preproduction and start-up costs incurred on major projects are deferred until conclusion of the start-up period and then amortized over a period not to exceed five years. Financing expenses are deferred and amortized over the life of the related long-term liability. Significant interest costs directly attributable to major projects are deferred and amortized over the estimated life of the underlying assets.

J. INCOME TAXES

Income taxes are accounted for by the tax allocation method. Under this method, provision for taxes is made in the year transactions affect net income as opposed to when such items are recognized for tax purposes. Differences between the provision for taxes and taxes currently payable are reflected as deferred income taxes.

Investment tax credits relating to property and equipment additions during the year are accounted for as a reduction in that year's tax provision net of the applicable deferred income taxes.

K. EARNINGS PER SHARE

Earnings per share are calculated using the weighted average number of Common and Ordinary Shares outstanding during the year. For the purpose of this computation net income is reduced by dividends paid on the 5¼% Cumulative Redeemable Preference Shares, Series A.

L. FOREIGN EXCHANGE

Purchases and sales in foreign currencies are translated into Canadian dollars at rates of exchange prevailing at transaction dates. The effect of any fluctuations in exchange rates between the dates of transactions and of settlements is reflected in Other income. Asset and liability accounts in foreign currencies are translated at the rates of exchange in effect at the balance sheet dates.

2. Related Party Transactions

A. SALES TO PARENT COMPANY

Sales of panelboard, lumber and bleached kraft pulp to the Company's parent company, Champion International Corporation (Champion) (Note 12) totalled \$26,153,000 in 1983 (\$15,533,000 in 1982). Sales to Champion are made on the same terms which apply to the Company's other customers. Accounts receivable from affiliates relating to these sales at December 31, 1983, are \$3,010,000 (1982—\$2,429,000).

B. SALES CONTRACT WITH AFFILIATE

The Company acts as exclusive sales agent for Babine Forest Products Limited (44% owned) and is responsible for selling substantially all its lumber production and collection of the related accounts receivable. Under the terms of the sales contract the Company receives commissions on these sales based on their aggregate net value. These sales are not included in the Company's Net sales, but the commission income is included in Other income. At December 31, 1983, Accounts receivable—trade includes \$1,240,000 (1982—\$1,655,000) receivable from customers, and Accounts payable—affiliates includes \$1,117,000 (1982—\$1,463,000) owing to the affiliate in respect of these sales.

C. PURCHASES FROM PARENT COMPANY

The Company purchases certain building material products from Champion but the aggregate annual amount is not significant. The purchases are made at normal trade prices and credit terms.

D. MANAGEMENT FEES

- (i) The Company pays a nominal fee to Champion for certain management services.
- (ii) The Company receives management fees from Babine Forest Products Limited.

3. Inventories

| <i>(in thousands)</i> | 1983 | 1982 |
|---|------------------|------------------|
| Logs | \$ 42,326 | \$ 39,611 |
| Panelboard | 23,330 | 17,605 |
| Lumber | 17,031 | 15,015 |
| Veneer | 3,410 | 2,363 |
| Pulp | 1,813 | 4,157 |
| Other building products and supplies | <u>11,261</u> | <u>9,057</u> |
| | <u>\$ 99,171</u> | <u>\$ 87,808</u> |

4. Investments and Other Assets

| <i>(in thousands)</i> | 1983 | 1982 |
|---|-----------------|-----------------|
| Deposits—timber and other | \$ 3,138 | \$ 4,246 |
| Investment in Babine Forest Products Limited | 4,773 | 4,788 |
| Other investments, at cost | <u>739</u> | <u>388</u> |
| | <u>\$ 8,650</u> | <u>\$ 9,422</u> |

5. Timber and Roads

| <i>(in thousands)</i> | 1983 | 1982 |
|---|------------------|-----------------|
| Timber holdings | | |
| Cost | \$ 10,545 | \$ 10,546 |
| Accumulated depletion | <u>6,728</u> | <u>6,241</u> |
| | <u>\$ 3,817</u> | <u>\$ 4,305</u> |
| Logging roads | | |
| Cost | \$ 41,148 | \$ 41,836 |
| Accumulated amortization | <u>28,488</u> | <u>27,920</u> |
| | <u>12,660</u> | <u>13,916</u> |
| Company's share of roads of joint venture | | |
| Cost | 979 | 513 |
| Accumulated amortization | <u>357</u> | <u>282</u> |
| | <u>622</u> | <u>231</u> |
| | <u>\$ 13,282</u> | <u>\$14,147</u> |

6. Property and Equipment

(in thousands)

| | 1983 | | | 1982 |
|---|------------------|--------------------------|------------------|------------------|
| | Cost | Accumulated Depreciation | Net | Net |
| Land..... | \$ 5,514 | \$ — | \$ 5,514 | \$ 5,546 |
| Buildings..... | 42,673 | 21,281 | 21,392 | 22,747 |
| Leasehold improvements | 502 | 381 | 121 | 156 |
| Machinery and equipment..... | 120,014 | 68,190 | 51,824 | 57,367 |
| Logging equipment..... | 17,434 | 11,863 | 5,571 | 6,852 |
| Construction in progress | 11,326 | — | 11,326 | 2,924 |
| Company's share of property and equipment of joint ventures | 59,331 | 28,399 | 30,932 | 33,282 |
| | <u>\$256,794</u> | <u>\$130,114</u> | <u>\$126,680</u> | <u>\$128,874</u> |

7. Deferred Charges

(in thousands)

| | 1983 | | | 1982 |
|--|------------------|--------------------------|------------------|------------------|
| | Cost | Accumulated Amortization | Net | Net |
| Financing expenses..... | \$ 1,042 | \$ 854 | \$ 188 | \$ 241 |
| Interest..... | 5,216 | 2,233 | 2,983 | 3,189 |
| Coal properties development .. | 3,912 | — | 3,912 | 3,505 |
| Preproduction and start-up costs | 6,791 | 2,647 | 4,144 | 5,421 |
| | <u>\$ 16,961</u> | <u>\$ 5,734</u> | <u>\$ 11,227</u> | <u>\$ 12,356</u> |

8. Long-Term Debt

(in thousands)

| | 1983 | 1982 |
|---|------------------|------------------|
| 6 $\frac{7}{8}$ % First Mortgage and Collateral Trust Bonds Series B, due September 30, 1984... | \$ 1,480 | \$ 2,360 |
| 9 $\frac{3}{4}$ % First Mortgage and Collateral Trust Bonds Series C, due September 30, 1991... | 14,325 | 15,975 |
| Bank Credit Agreements..... | 76,000 | 80,000 |
| Other..... | 914 | 1,099 |
| | <u>\$ 92,719</u> | <u>\$ 99,434</u> |
| Less current instalments | 10,232 | 6,488 |
| | <u>\$ 82,487</u> | <u>\$ 92,946</u> |

The principal payments required in each of the next five years are:

| | |
|-------------------|-------------------|
| 1984—\$10,232,000 | 1987—\$13,692,000 |
| 1985—\$13,751,000 | 1988—\$13,564,000 |
| 1986—\$13,780,000 | |

The Series B and Series C bonds are secured equally and rateably. Under the terms of the Trust Deed securing these bonds, the Company has pledged substantially all of its assets by way of fixed or floating charges and is prohibited from paying dividends (other than stock dividends) or any other distribution on any class of its shares except as permitted under the Trust Deed. At December 31, 1983, the maximum amount permitted is \$84,347,000.

The Bank Credit Agreements consist of separate long-term financing arrangements under which funds may be borrowed in U.S. or Canadian dollars at prevailing market interest rates. Principal balances are repayable by instalments through to December 31, 1991.

Under the terms of one of these agreements (\$25,000,000) the amount of principal borrowed is revolving until December 31, 1984, after which time it becomes fixed.

9. Salaried Pension Plans

Salaried pension plans cover substantially all salaried employees over 25 years of age and employed by the Company for at least one year. The cost of these plans in 1983 was \$1,570,000 (1982—\$1,640,000). Based on the latest actuarial valuation, dated December 31, 1982, there was no unfunded past service liability at that date. The Company's share of salaried pension plan costs of joint ventures in 1983 was \$136,000 (1982—\$144,000).

10. Long-Term Lease Commitments

The Company is committed to pay an aggregate amount of \$7,331,000 under long-term, non-cancellable operating leases having an initial term exceeding one year. The maximum lease term is 30 years and the latest expiry date is 2011.

Lease payments required in each of the next five years are:

| | |
|------------------|----------------|
| 1984—\$1,176,000 | 1987—\$950,000 |
| 1985—\$1,057,000 | 1988—\$792,000 |
| 1986—\$ 994,000 | |

The Company's share of lease commitments of joint ventures is \$1,726,000 in aggregate and as follows in the next five years:

| | |
|----------------|----------------|
| 1984—\$195,000 | 1987—\$179,000 |
| 1985—\$189,000 | 1988—\$177,000 |
| 1986—\$189,000 | |

11. Contingencies

- A. The Company is a defendant in two actions by Alberta Aspen Board Limited (Aspen Board) commenced in 1978 and 1981, respectively. The first action claims judgment in the sum of \$8,750,000 plus costs and the second claims damages, jointly and severally, against the Company and ten other defendants in the amount of \$15,000,000 plus costs. Both actions against the Company concern a sales agency agreement which existed between Aspen Board and the Company from June 1974 to July 1976. In the event of either of the foregoing actions coming to trial, the Company believes the claims can be successfully defended.
- B. Under a former agreement with Luscar Limited (Luscar) to form a joint venture to develop the Quinsam coal property the Company is contingently liable to reimburse Luscar for an amount of approximately \$2,000,000. The liability will be payable if the Company, or any associated company, commences to construct a coal mine on or sells any part of the coal property which was included in the agreement, within five years from the date of termination (1980).
If the proposed development of the Quinsam coal property with Brinco Limited proceeds, this contingent liability will become a liability of the new venture.
- C. Proceedings were initiated in 1981 by the Commission of the European Communities (the Commission) against the Company and a number of other firms and associations involved in the wood pulp industry, alleging certain price fixing activities which it is claimed constitute infringements of Article 85 of the Treaty of Rome. The Company does not believe that its practices infringe Article 85. While the Commission is empowered to impose fines if an infringement is established, it is not believed that the result of the proceedings will be material to the financial condition of the Company.

12. Share Capital

A. AUTHORIZED AND OUTSTANDING

| <i>(dollars in thousands)</i> | Authorized | Outstanding December 31, 1983 | | Outstanding December 31, 1982 | |
|--|------------|----------------------------------|------------------|----------------------------------|------------------|
| | | No. of Shares | No. of Shares | Amount | No. of Shares |
| 5¼% Cumulative Redeemable Preference Shares, Series A with a par value of \$20 each (Note 13)..... | 275,000 | 25,000 | \$ 500 | 25,000 | \$ 500 |
| Series B Preference Shares with a par value of \$20 each | 225,000 | — | — | — | — |
| 5½% Cumulative Redeemable Second Preference Shares with a par value of \$100 each ... | 245,000 | — | — | — | — |
| \$1.50 Cumulative Redeemable Convertible Preference Shares without nominal or par value..... | 220,000 | — | — | — | — |
| Common Shares without nominal or par value..... | 2,000,000 | 1,322,797 | 14,337 | 1,317,097 | 14,249 |
| Ordinary Shares without nominal or par value..... | 4,000,000 | 3,580,291 | <u>32,205</u> | 3,580,291 | <u>32,205</u> |
| Outstanding at end of year..... | | | <u>\$ 47,042</u> | | <u>\$ 46,954</u> |

During 1983, 5,700 (1982—1,050) Common Shares were issued for \$88,000 (1982—\$16,000) under options granted to employees and senior officers. All the outstanding Ordinary Shares are held by Champion International Corporation.

B. SPECIAL PROVISIONS FOR 5¼% CUMULATIVE REDEEMABLE PREFERENCE SHARES, SERIES A
The redemption price is \$20 per share plus unpaid dividends accumulated to the date of redemption, plus a premium on the sum of \$20 of 2.25% if redeemed on or before March 15, 1986 and 1.25% if redeemed thereafter.

C. OPTIONS TO PURCHASE COMMON SHARES

Under the Company's Stock Option Plan, options on up to 27,000 Common Shares may be granted to officers and employees. At December 31, 1983 there are no options outstanding.

13. Dividends

A. DIVIDENDS DECLARED

| | 1983 | | 1982 | |
|--|---------------------|-----------------------------|---------------------|-----------------------------|
| | Amount Per Share | Amount (in thousands) | Amount Per Share | Amount (in thousands) |
| 5¼% Cumulative Redeemable Preference Shares, Series A . | \$1.05 | \$ 26 | \$1.05 | \$ 26 |
| Common Shares..... | 0.50 | 663 | 0.25 | 329 |
| Ordinary Shares | 0.50 | 1,790 | 0.25 | 895 |
| | | <u>\$2,479</u> | | <u>\$1,250</u> |

- B. Certain limitations are imposed on the payment of dividends on any class of shares by the Trust Deed securing the Series B and Series C Bonds (Note 8) and by the rights and restrictions relating to the 25,000 5¼% Cumulative Redeemable Preference Shares, Series A (Note 12), contained in the Articles of Association of the Company.
- C. Under the terms of issue of the Ordinary and Common Shares, dividends per share paid on the Ordinary Shares may not exceed dividends per share paid on the Common Shares from the date of issue. Where dividends paid on Ordinary Shares are less than those paid on Common Shares, additional dividends may be paid to the holders of Ordinary Shares up to an amount equal to the total dividends paid on each Common Share. To December 31, 1983, equal dividends per share have been declared on the Common and Ordinary Shares.

14. Depreciation, Depletion and Amortization

| <i>(in thousands)</i> | 1983 | 1982 |
|---|------------------|------------------|
| Depreciation..... | \$ 13,871 | \$ 13,974 |
| Depletion | 487 | 418 |
| Amortization of logging roads | 3,991 | 2,185 |
| Amortization of deferred financing expenses and interest costs | 347 | 338 |
| Amortization of other deferred costs | 1,412 | 1,116 |
| | <u>\$ 20,108</u> | <u>\$ 18,031</u> |

15. Other Income

Other income includes the Company's equity in the net income of partly-owned companies, sales commissions, management fees, and the net gains arising from fluctuations in the exchange rate for foreign currencies between the dates of transactions and settlements.

16. Income Taxes

The income tax provision (recovery) is made up of the following components:

| <i>(in thousands)</i> | 1983 | 1982 |
|--|-----------------|--------------------|
| Income tax provision (recovery) based on combined Canadian federal and provincial income tax rates, net of manufacturing and processing deduction: | | |
| Rate | 47.9% | 46.6% |
| Amount | \$ 6,360 | \$ (15,569) |
| Change in tax provision (recovery) due to: | | |
| Inventory allowance | (1,251) | (1,490) |
| Benefit of investment tax credits | (424) | (150) |
| Other | (968) | (281) |
| Income tax provision (recovery) | <u>\$ 3,717</u> | <u>\$ (17,490)</u> |

In 1982 the rate of recovery is based on the effective average rate of accumulation of deferred income taxes.

17. Segmented Information

A. INDUSTRY SEGMENTATION

The Company has substantially all its operations in the forest products industry and is vertically integrated therein. Its revenue is generated from the sale of lumber, plywood, pulp, logs and other wood products manufactured by the Company and from the sale of other building products and supplies which are purchased for resale.

B. GEOGRAPHIC SEGMENTATION

All of the Company's operations, assets and employees are located in Canada.

C. EXPORT SALES

A substantial portion of the Company's Net sales are to customers in foreign countries:

| <i>(in thousands)</i> | 1983 | | 1982 | |
|--------------------------------|------------------|---------------|------------------|---------------|
| Sales by Country | | | | |
| United States of America | \$184,209 | 31.4% | \$118,099 | 28.5% |
| Other foreign countries | 75,788 | 12.9% | 76,857 | 18.5% |
| Total export sales | <u>259,997</u> | <u>44.3%</u> | <u>194,956</u> | <u>47.0%</u> |
| Canada | 326,156 | 55.7% | 220,245 | 53.0% |
| Net sales | <u>\$586,153</u> | <u>100.0%</u> | <u>\$415,201</u> | <u>100.0%</u> |

Substantially all of the Company's sales to foreign countries other than the U.S.A. are handled by sales agents who assume all credit risks.

18. Subsidiary and Affiliated Companies

A. (i) SUBSIDIARY COMPANIES—ACTIVE

Annplyco Properties Limited
D. A. Clarke Veneers Limited
Henry Johnson Timber Co. Ltd.
W & W Holdings Limited
Weldwood of Canada Sales Limited
Weldwood Lumber Sales Limited
Weldwood Transportation Limited



Weldwood of Canada Limited

(the "Company")

1055 West Hastings Street, Vancouver, B.C.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held in the Victoria Room, Holiday Inn, 1133 West Hastings Street, Vancouver, B.C., on Thursday, the 26th day of April, 1984 at the hour of 11:00 o'clock in the forenoon, to receive the report of the directors and of the auditors and the accounts of the Company for the past year, for the election of directors, to appoint auditors and to consider and generally transact such business as may properly be brought before the Annual General Meeting or any adjournment thereof.

AND FURTHER TAKE NOTICE that at the said General Meeting the shareholders will be asked to consider and, if thought fit, to pass, with or without modification, the ordinary and special resolutions set out in the Information Circular of the Company, on the following subjects:

1. Alteration of the authorized capital of the Company by cancelling 245,000 5½% Cumulative Redeemable Second Preference shares and 220,000 Cumulative Redeemable Convertible Preference shares, all of which shares have not been allotted or issued.
2. Alteration of the authorized capital of the Company by sub-dividing all of the 2,000,000 Common shares and 4,000,000 Ordinary shares, each share being sub-divided into two shares, and alteration of the Memorandum and Articles of the Company to reflect the alteration of the authorized capital referred to in item 1 and this item 2.
3. Authority for the Company to provide money for the purchase of Common shares of the Company for purposes of the Employees' Share Purchase Plan.

AND FURTHER TAKE NOTICE that the instrument of proxy accompanying this notice will not be used at the Annual General Meeting, or any adjournment thereof, unless the same is deposited with The Royal Trust Company, as agent for the Company, at its office at 555 Burrard Street, Vancouver, B.C., before 2:30 o'clock in the afternoon on Tuesday, April 24th, 1984.

DATED at Vancouver, B.C., this 16th day of March, 1984.

BY ORDER OF THE BOARD OF DIRECTORS.

ROBERT SOLLOWAY,
Vice-President, General Counsel and Secretary

Weldwood of Canada Limited

(the "Company")

INFORMATION CIRCULAR

AS AT MARCH 16, 1984 FOR THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY ON THURSDAY, THE 26th DAY OF APRIL, 1984, AT 11:00 O'CLOCK IN THE FORENOON IN THE VICTORIA ROOM, HOLIDAY INN, 1133 WEST HASTINGS STREET, VANCOUVER, BRITISH COLUMBIA.

In connection with the Annual General Meeting to be held on the 26th day of April, 1984.

1. REVOCABILITY OF PROXY

The form of proxy accompanying this Information Circular, although executed, may be revoked by signing a written Notice of Revocation of such proxy and depositing the Notice of Revocation either at the registered office of the Company, 1055 West Hastings Street, Vancouver, B.C., at any time up to and including the last business day preceding the day of the said meeting, or any adjournment thereof, or with the Chairman of such meeting on the day of the meeting or adjournment thereof.

2. PERSONS MAKING THE SOLICITATION FOR THE PROXY

The proxy accompanying this Information Circular is solicited on behalf of the management of the Company. The cost of this solicitation will be borne by the Company.

3. INTEREST OF PERSONS IN THE MATTERS TO BE ACTED UPON AT THE ANNUAL GENERAL MEETING

No director or senior officer of the Company nor any proposed nominee of the management of the Company for election as a director of the Company nor any associate of any of the foregoing persons has any substantial interest, direct or indirect, by way of beneficial ownership of securities or otherwise in the matters to be acted upon at the said meeting other than the election of directors, except for any interest from the ownership of shares of the Company where the shareholder receives no extra or special benefit or advantage not shared on a pro rata basis by all holders of shares in the capital of the Company of the same class, and except for any interest of a director (who is also a senior officer) or of another senior officer as a participant in the Share Purchase Plan described in item 11, if such Share Purchase Plan shall be authorized by the shareholders.

4. VOTING SHARES AND THE PRINCIPAL HOLDER THEREOF

(a) The equity shares of the Company entitled to be voted at the Annual General Meeting of the Company to be held on the 26th day of April, 1984, and at any adjournment thereof consist of 3,580,291 ordinary shares and 1,322,797 common shares out of 4,000,000 authorized ordinary shares and 2,000,000 authorized common shares.

The rights of the holders of the said ordinary and common shares are equal in all respects and rights and privileges attached thereto including equal voting rights, share for share, and the rights on liquidation are identical except for the following special rights and restrictions: no dividend shall be declared or paid on the common shares or on the ordinary shares until all dividends on the cumulative preference shares of the Company, accumulated and unpaid, up to the date of such declaration and payment, have been declared and paid, or set apart for payment, and subject thereto the directors may declare or pay or set apart for payment dividends upon the common and ordinary shares out of monies properly available for payment of dividends in such amounts as they think proper provided that no dividend may be declared or paid or set apart for payment on the ordinary shares (a) unless and until dividends at the rate of not less than 12½¢ per share per calendar quarterly period have been declared and paid or set apart for payment on the common shares in respect of each calendar quarterly period commencing from the last day of the calendar quarterly period in which such shares are issued; or (b) which exceeds the amounts per share theretofore declared and paid or set apart for payment on the common shares less payment on the ordinary shares; or (c) which would result in the working capital of the Company being less than eight million dollars (\$8,000,000).

(b) By resolution of the directors the record date for the purpose of determining shareholders entitled to vote at the Annual General Meeting of the Company and any adjournment thereof has been fixed as the 19th day of April, 1984.

(c) To the best of the knowledge of the directors and of the senior officers of the Company no person beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares in the Company carrying the right to vote in all circumstances, except Champion International Corporation, which owns 3,580,291 ordinary shares in the Company, being approximately 73.02% of the outstanding shares of the Company carrying the right to vote in all circumstances.

APR 2 1984
MCGILL UNIVERSITY

5. ELECTION OF DIRECTORS

INFORMATION AS TO PERSONS PROPOSED TO BE NOMINATED FOR ELECTION AS DIRECTORS

| Name of Proposed Nominee | Country of Ordinary Residence | Other Positions and Offices held in the Company | Period during which Nominee has served as a Director of the Company | Approximate No. of Voting Shares beneficially owned directly or indirectly by Nominee in the Company | (1) First Position, (2) Last Position with Company, Subsidiary or Parent, (3) Principal Occupation or Employment, Name and Principal Business of Employer, at present time, (4) Principal Occupation or Employment, Name and Principal Business of Employer, during last five years. |
|--------------------------|-------------------------------|--|---|--|--|
| JOHN A. BALL | U.S.A. | None | 9 years | None | (1) Vice-President, Marketing Services, U.S. Plywood-Champion Papers Inc. (3) Senior Vice-President, Champion International Corporation (Forest Products) |
| JOHN BENE†† | Canada | None | 20 years | 1,398 Common of which 198 are held directly and 1,200 indirectly by a personally controlled corporation of which he holds a substantial majority of its issued shares. | (1) President (2) Chairman of the Board (3) International Consultant |
| JOHN BRUK‡ | Canada | None | 2 mos. | None | (3) Chairman, Founding Committee, Asia Pacific Foundation of Canada (International Relations) (4) President and Chief Executive Officer, Cyprus Anvil Mining Corporation |
| THOMAS A. BUELL†† | Canada | Chairman of the Board, President & Chief Executive Officer | 10 years | 2,372 Common | (1) Manager, Vancouver plywood plant (3) Chairman of the Board, President & Chief Executive Officer, Weldwood of Canada Limited |
| PIT DESJARDINS‡ | Canada | Vice-Chairman of the Board | 20 years | 1,001 Common | (1) Vice-President, Timber Supply (3) Vice-Chairman of the Board, Weldwood of Canada Limited and President, Cariboo Pulp & Paper Company |
| PAUL GOURDEAU† | Canada | None | 10 years | 1,000 Common | (3) Chairman of the Board, Logistec Corporation (Stevedoring and Shipping) |
| RICHARD W. LOWRY | U.S.A. | None | 5 years | None | (1) Vice-President & General Manager, Federal Wholesale Stationery Division, U.S. Plywood-Champion Papers Inc. (3) Executive Vice-President, Champion International Corporation |
| JOHN O. McCUTCHEON† | Canada | None | 16 years | 100 Common | (3) Financial Consultant |
| BRYCE P. PAGE‡ | Canada | Executive Vice-President, Marketing | 10 years | None | (1) Vice-President, Marketing (3) Executive Vice-President, Marketing, Weldwood of Canada Limited |
| COLIN B. WARNER‡ | Canada | Vice-President, Finance | 8 years | 302 Common | (1) Treasurer (3) Vice-President, Finance, Weldwood of Canada Limited |
| H. RICHARD WHITTALL†† | Canada | None | 18 years | 10,000 Common | (3) Vice-Chairman and Director, Richardson Greenshields of Canada Limited (Investment Dealers) |

None of the foregoing persons beneficially owns, directly or indirectly, any shares of a subsidiary of the Company. The term of office for which each of the above-mentioned is a proposed nominee is from the date of the said meeting until the next succeeding Annual General Meeting of the Company.

† Denotes membership on the Audit Committee, which committee is a requirement of the Company Act.

‡ Denotes membership on the Committee of the Board, which comprises the directors resident in British Columbia, with the powers of the board in the management and direction of the operations of the Company subject to certain restrictions.

Advance notice of the said meeting was published pursuant to Section 135 of the Company Act, in Vancouver, British Columbia, on the 10th day of February, 1984, in one issue of "The Province".

6. REMUNERATION OF MANAGEMENT AND OTHERS

The aggregate direct remuneration paid or payable by the Company and its subsidiaries whose financial statements are consolidated with those of the Company to the directors and senior officers of the Company amounts to \$1,050,359, and no remuneration has been paid or is payable to such directors and senior officers by the subsidiaries of the Company whose financial statements are not consolidated with those of the Company.

DIRECTORS' AND OFFICERS' REMUNERATION FROM THE COMPANY AND ITS SUBSIDIARIES

| | A Aggregate Remuneration | B Cost of Pension Benefits | C Other Remuneration |
|--|--------------------------------|-------------------------------------|----------------------------|
| DIRECTORS (8 of 12) ¹ From the Company and its Subsidiaries | \$ 35,100 | \$ 15,000 | nil |
| 5 SENIOR OFFICERS From the Company and its Subsidiaries | \$ 704,036 | \$ 61,300 ² | nil |
| 13 OFFICERS (including SENIOR OFFICERS) with remuneration over \$50,000 From the Company and its Subsidiaries | \$1,387,644 | \$ 90,444 | nil |

(1) Directors who are also senior officers do not receive remuneration in their capacity as directors.

(2) Other than remuneration payments referred to in column A, the aggregate of all remuneration paid during the last completed financial year, directly or indirectly, by the Company and its subsidiaries and being contributions to a Senior Employees' Pension Plan (the "Pension Plan"). The Pension Plan provides that each member shall accrue an annual pension payable at normal retirement date, but subject to certain restrictions as to the maximum amount of pension payable, equal to 2% of the average of the member's best three consecutive years of earnings multiplied by his number of years of continuous service and reduced by the value of any other registered pension plan benefit of the Company to which the member may be entitled. Earnings for purposes of the Pension Plan represent the portion of the member's remuneration as defined by the Company specifically for purposes of the Pension Plan.

The estimated aggregate cost to the Company and its subsidiaries in the last completed financial year of all past and future pension benefits proposed to be paid under any normal pension plan in the event of retirement at normal retirement age, directly or indirectly, by the Company or any of its subsidiaries to senior officers not included in those five senior officers mentioned above amounts to \$29,144.

In 1978, the Company entered into a deferred compensation agreement (the "1978 agreement") with each of five senior officers (and one former senior officer) and the participation of those senior officers in the Company's pension plan for salaried employees (the "plan") was terminated. In 1979, the Company entered into a deferred compensation agreement (the "1979 agreement") with one senior officer who is not a party to the 1978 agreement and who had not participated in the plan. In 1984, the Company entered into a deferred compensation agreement (the "1984 agreement") with another senior officer and the participation of such senior officer in the plan was terminated. The 1978 agreement provides for payment of compensation to each of those senior officers who entered into it, upon retirement at age 65, at a monthly rate, depending on years of service, of from 41% to 54% of the average of the highest 60 consecutive months of compensation of such senior officer before retirement and the 1984 agreement provides for payment of compensation to the senior officer who entered into it, upon retirement at age 65, at a monthly rate of 39% of the average of the highest 60 consecutive months of compensation of such senior officer before retirement, and the payment of compensation to each such senior officer is reduced by the amount payable in respect of such senior officer's vested interest in the plan before the termination of his participation therein. The 1979 agreement provides for payment of compensation to the senior officer who entered into it, upon retirement at age 65, at a monthly rate of 50% of the average of the highest 60 consecutive months of compensation of such senior officer before retirement and reduced by the amount payable in respect of such senior officer's vested interest in the retirement plan of a previous employer before the termination of his participation therein. The compensation under the 1978, 1979 and 1984 agreements is payable for so long as the senior officer lives, but in any event for a period of ten years. The three agreements contain provisions for payment of reduced compensation upon early retirement or termination of employment, depending upon the years of service. No amount has been set aside or accrued to date with respect to payments to be made under either of the agreements.

7. PARTICULARS OF INDEBTEDNESS TO COMPANY OF DIRECTORS AND SENIOR OFFICERS

The only amounts owing to the Company since the beginning of the last completed fiscal year of the Company by any of its directors and senior officers, proposed nominees for election as a director of the Company, or associate of any of the foregoing are owing by Thomas A. Buell, Chairman of the Board, President, Chief Executive Officer and Director, by whom the largest amount owing during the year was \$90,000 and the amount presently owing is \$85,000, and by Colin B. Warner, Vice-President, Finance and Director, by whom the largest amount owing during the year was \$63,268 and the amount presently owing is \$59,450. The indebtedness of Thomas A. Buell and Colin B. Warner represents loans made by the Company to each of them to assist in the purchase of a residence for their own occupation. Each of the loans outstanding is secured by a mortgage of the property purchased and is repayable by stated instalments. The loan to Thomas A. Buell is without interest and the loan to Colin B. Warner is at five per centum (5%) per annum.

8. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or senior officer of the Company or any of its subsidiaries, no proposed nominee for election as a director of the Company as hereinafter named, no shareholder hereinabove named in item 4 hereof, no director or senior officer of a company who is such a shareholder and no associate or affiliates of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Company's last completed financial year or in any proposed transaction which, in either such case, has materially affected or will materially affect the Company, except as hereinbefore set forth in item 3 hereof.

9. APPOINTMENT OF AUDITORS

It is proposed that Arthur Andersen & Co. be appointed auditors of the Company.

10. MANAGEMENT CONTRACTS

No management functions of the Company or any of its subsidiaries are now to any substantial degree performed by a person or company other than the directors or senior officers of the Company and its subsidiaries.

11. PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

(a) The directors consider that it would be beneficial to the long term interests of the Company if the number of holders of the Company's Common shares were increased and are of the opinion that the opportunity for the attainment of this objective would be enhanced through a subdivision of the Common shares. In order to maintain the present proportionate equity of the holder of the Ordinary shares, it is proposed to sub-divide those shares on the same basis.

Additionally, the directors do not foresee that certain presently unallotted and unissued Preference shares forming part of the authorized capital of the Company would be allotted or issued in the future. The directors, therefore, consider that it is unnecessary to retain such Preference shares as part of the authorized capital and recommend that the authorized capital be diminished accordingly.

The shareholders will be asked to pass the following ordinary and special resolutions at the said meeting:

1. RESOLVED that the authorized capital of the Company be altered by cancelling the following shares which have not been allotted or issued and that the authorized capital be diminished accordingly:
 - (a) 245,000 5½% Cumulative Redeemable Second Preference shares with a par value of \$100 each;
 - (b) 220,000 Cumulative Redeemable Convertible Preference shares without par value.
2. RESOLVED, as a special resolution, that:
 - (1) the authorized capital of the Company be altered by sub-dividing all of the 2,000,000 Common shares without par value, of which 1,322,797 shares are issued, each share being sub-divided into two shares;
 - (2) the authorized capital of the Company be altered by sub-dividing all of the 4,000,000 Ordinary shares without par value, of which 3,580,291 shares are issued, each share being sub-divided into two shares;
 - (3) the Memorandum of the Company be altered to be in the form presented to the meeting and initialled by the Secretary of the meeting, so that the Memorandum, as altered, shall, at the time of filing, comply with the Company Act;
 - (4) the Table of Contents to the Articles of the Company be amended by deleting, on page VI, Article 25.3, "Special Rights and Restrictions for 5½% Cumulative Redeemable Second Preference Shares" and Article 25.4, "Special Rights and Restrictions for Cumulative Redeemable Convertible Preference Shares"; and
 - (5) the Articles of the Company be amended by deleting the special rights and restrictions attached to the 5½% Cumulative Redeemable Second Preference shares, and to the Cumulative Redeemable Convertible Preference shares, as set out in Articles 25.3 and 25.4.

Subject to the passing of the foregoing special resolution, the directors intend to fix May 18, 1984 as the date of record for the determination of the shareholders entitled to receive additional shares in accordance with such subdivision.

(b) It is also proposed that the Company repeat its annual Employees' Share Purchase Plan ("the Share Purchase Plan") which will operate for the period commencing June 1, 1984 and ending March 31, 1985, to which the Company will contribute fifteen per cent (15%) of the amount of each member's subscription to the Share Purchase Plan. The fund created by the deposits of members and contributions of the Company will be held by trustees and applied in accordance with the terms of the Share Purchase Plan to the purchase of fully paid common shares of the Company for the benefit of the members. The shareholders will be asked at the said meeting to authorize pursuant to Section 127(2) of the Company Act the provision of the money by the Company for this purpose in the following form:

RESOLVED, as a special resolution, that the provision of money in accordance with the Company's Employees' Share Purchase Plan for the period commencing June 1, 1984 and ending March 31, 1985 in an amount equal to fifteen per cent (15%) of the amount of each member's subscription to the Share Purchase Plan be and the same is hereby authorized and approved.

(c) The management of the Company knows of no matters to come before the said meeting other than the matters referred to in the Notice of the said meeting. However, if any other matters which are not now known to the management of the Company shall properly come before the said meeting, forms of proxy given pursuant to this solicitation by the management of the Company will be voted on such matters in accordance with the best judgment of the person voting the proxy, if so authorized by the terms of the proxy.

DATED at Vancouver, British Columbia, this 16th day of March, 1984.

BY ORDER OF THE BOARD OF DIRECTORS.



ROBERT SOLLOWAY
Vice-President, General Counsel and Secretary

(ii) SUBSIDIARY COMPANIES—INACTIVE

Canadian Collieries Timber Air Services Ltd.
Canim Lake Sawmills Ltd. (in voluntary liquidation)
Houston Forest Products Ltd. (in voluntary liquidation)
Kirk Coal (Victoria) Co. Ltd.
Ladysmith Developments Limited
M & W Logging Co. Ltd.
Parkhome Developments Limited
Western Fuel Corporation of Canada Limited

B. PARTLY-OWNED COMPANIES

Babine Forest Products Limited (44%)
Quinsam Coal Ltd. (50%)
Cariboo Pulp & Paper Company Limited (50%)—inactive

C. JOINT VENTURES

Cariboo Pulp & Paper Company (50%)
Houston Forest Products Company (50%)

19. Comparative Figures

Certain comparative figures have been reclassified to conform with the 1983 presentation.

Auditors' Report

To the shareholders of Weldwood of Canada Limited:

We have examined the consolidated balance sheet of WELDWOOD OF CANADA LIMITED (a British Columbia company) as of December 31, 1983 and 1982, and the consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the company as of December 31, 1983 and 1982, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles consistently applied during the periods.

Vancouver, Canada
January 13, 1984

ARTHUR ANDERSEN & Co.
Chartered Accountants

Ten Year Review

(Years Ended December 31)

| | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 | 1976 | 1975 | 1974 |
|---|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| Earnings (\$ Millions) | | | | | | | | | | |
| Net sales | 586.2 | 415.2 | 481.1 | 467.9 | 528.4 | 474.4 | 386.7 | 331.8 | 261.1 | 266.7 |
| Cost of sales | 501.1 | 373.6 | 400.5 | 386.7 | 416.4 | 372.3 | 311.5 | 263.6 | 210.5 | 209.2 |
| Selling, shipping and administrative expenses | 48.1 | 47.2 | 49.8 | 42.9 | 42.4 | 38.0 | 36.0 | 32.5 | 26.2 | 23.8 |
| Depreciation, depletion and amortization | 20.1 | 18.0 | 18.9 | 16.2 | 15.2 | 15.6 | 13.5 | 13.5 | 11.8 | 10.9 |
| Interest expense | 11.0 | 13.9 | 14.4 | 8.1 | 6.2 | 5.5 | 5.7 | 5.2 | 5.1 | 5.3 |
| Other income | (7.4) | (4.1) | (4.3) | (9.6) | (8.9) | (8.1) | (4.4) | (1.8) | (2.7) | (1.5) |
| Income taxes (recovery) | 3.7 | (17.5) | (3.0) | 6.8 | 21.7 | 20.0 | 10.2 | 9.4 | 5.0 | 9.3 |
| Net income (loss) | 9.6 | (15.9) | 4.8 | 16.8 | 35.4 | 31.1 | 14.2 | 9.4 | 5.2 | 9.7 |
| Per Common and Ordinary Share | | | | | | | | | | |
| Net earnings (loss) | 1.95 | (3.26) | 0.97 | 3.42 | 7.18 | 6.32 | 2.84 | 1.84 | .94 | 1.87 |
| Dividends—common | .50 | 0.25 | 1.00 | 1.00 | .88 | .76 | .57 | .54 | .50 | .50 |
| —ordinary | .50 | 0.25 | 1.00 | 1.00 | .88 | 1.33 | — | .54 | .50 | .50 |
| Shareholders' equity | 32.64 | 31.21 | 34.72 | 34.76 | 32.37 | 26.64 | 21.54 | 18.85 | 17.17 | 16.72 |
| Shareholders at year end | 1,267 | 1,514 | 1,620 | 1,799 | 1,907 | 2,196 | 2,471 | 2,571 | 2,708 | 2,795 |
| Common share price range (\$/share) | | | | | | | | | | |
| High | 36½ | 26½ | 32½ | 26½ | 27 | 22½ | 13¾ | 13½ | 11¾ | 14¾ |
| Low | 26½ | 17¾ | 19½ | 17½ | 18¼ | 10½ | 9¾ | 10 | 7½ | 5¾ |
| Financial Position (\$ Millions) | | | | | | | | | | |
| Current assets | 187.4 | 163.8 | 168.9 | 163.9 | 170.7 | 141.9 | 116.3 | 98.1 | 87.8 | 69.4 |
| Current liabilities | 76.4 | 58.9 | 88.4 | 107.2 | 113.7 | 85.4 | 66.9 | 49.8 | 41.3 | 24.3 |
| Working capital | 111.0 | 104.9 | 80.5 | 56.7 | 57.0 | 56.5 | 49.4 | 48.3 | 46.5 | 45.1 |
| Investments and other assets | 8.6 | 9.4 | 9.1 | 17.9 | 18.2 | 14.4 | 5.5 | 4.1 | 3.9 | 2.1 |
| Timber and roads | 17.1 | 18.5 | 20.2 | 22.4 | 21.6 | 18.5 | 18.3 | 17.4 | 18.4 | 19.3 |
| Property and equipment, net | 126.7 | 128.9 | 140.7 | 131.1 | 120.3 | 97.7 | 88.9 | 79.9 | 81.9 | 85.8 |
| Deferred charges | 11.2 | 12.4 | 13.4 | 9.3 | 3.3 | 3.4 | 5.6 | 6.7 | 7.6 | 7.3 |
| | 274.6 | 274.1 | 263.9 | 237.4 | 220.4 | 190.5 | 167.7 | 156.4 | 158.3 | 159.6 |
| Long-term debt | 82.5 | 93.0 | 49.1 | 21.8 | 24.6 | 27.2 | 31.6 | 34.8 | 40.0 | 45.7 |
| Deferred income taxes | 31.7 | 27.7 | 44.4 | 45.0 | 37.2 | 29.6 | 27.5 | 26.1 | 26.1 | 23.8 |
| Share capital | 47.0 | 47.0 | 46.9 | 46.9 | 46.8 | 50.0 | 49.9 | 49.9 | 54.8 | 54.8 |
| Contributed surplus | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 4.6 | 4.6 |
| Retained earnings | 106.9 | 99.9 | 117.0 | 117.2 | 105.3 | 77.2 | 52.2 | 39.1 | 32.8 | 30.7 |
| | 274.6 | 274.1 | 263.9 | 237.4 | 220.4 | 190.5 | 167.7 | 156.4 | 158.3 | 159.6 |
| Other Statistics | | | | | | | | | | |
| Ratio of current assets to current liabilities | 2.45 | 2.78 | 1.91 | 1.53 | 1.50 | 1.66 | 1.76 | 1.97 | 2.16 | 2.92 |
| Net debt to total capitalization (%) | 32.3 | 35.8 | 31.7 | 27.6 | 30.7 | 26.7 | 32.9 | 32.0 | 33.4 | 31.0 |
| Return on average capital employed (%) | 5.3 | (3.0) | 3.9 | 7.3 | 15.6 | 16.2 | 8.6 | 6.8 | 4.6 | 7.8 |
| Return on shareholders' equity at beginning of year (%) | 6.2 | (9.4) | 2.8 | 10.6 | 26.4 | 28.7 | 14.8 | 10.2 | 5.8 | 11.6 |
| Employees at year end (adjusted for seasonal and short-term curtailments) | 4,700 | 4,200 | 4,900 | 5,600 | 5,500 | 5,600 | 5,300 | 4,800 | 4,500 | 3,700 |
| Production Statistics | | | | | | | | | | |
| Softwood plywood and Waferweld (Millions sq. ft. ¾") | 728 | 510 | 603 | 594 | 692 | 724 | 637 | 586 | 507 | 438 |
| Hardwood and specialty plywood (Millions sq. ft. ¾") | 59 | 51 | 55 | 52 | 55 | 27 | 43 | 36 | 92 | 114 |
| Softwood lumber (Millions Fbm) Company | 496 | 374 | 355 | 388 | 450 | 477 | 469 | 365 | 281 | 308 |
| Share of affiliates | 172 | 147 | 127 | 148 | 126 | 80 | 51 | 47 | 18 | — |
| Hardwood lumber (Millions Fbm) | 30 | 27 | 29 | 28 | 33 | 33 | 32 | 29 | 25 | 23 |
| Pulp (Thousands short air dry tons) | 141 | 133 | 118 | 132 | 132 | 129 | 129 | 129 | 88 | 113 |

Board of Directors

John A. Ball

Senior Vice-President,
Champion International
Corporation, Stamford,
Connecticut

*John Bene

International Consultant,
Vancouver

*Thomas A. Buell

Chairman of the Board,
President and Chief
Executive Officer,
Weldwood of Canada
Limited, Vancouver

Pit Desjardins

Vice-Chairman of the
Board, Weldwood of
Canada Limited and
President, Cariboo Pulp
& Paper Company,
Vancouver

*Paul Gourdeau

Chairman of the Board,
Logistec Corporation,
Quebec City

Richard W. Lowry

Executive Vice-President,
Champion International
Corporation, Stamford,
Connecticut

*John O. McCutcheon

Financial Consultant,
Calgary

Bryce P. Page

Executive Vice-President,
Marketing, Weldwood of
Canada Limited,
Vancouver

Colin B. Warner

Vice-President, Finance,
Weldwood of Canada
Limited, Vancouver

*H. Richard Whittall

Vice-Chairman and
Director,
Richardson Greenshields
of Canada Limited,
Vancouver

*Audit Committee Members.

Officers

Thomas A. Buell

Chairman of the Board,
President and Chief
Executive Officer

Pit Desjardins

Vice-Chairman of the Board
of Weldwood, and President,
Cariboo Pulp & Paper
Company

Bryce P. Page

Executive Vice-President,
Marketing

George R. Richards

Vice-President and General
Manager, Interior Operations

Mark R. Rushton

Treasurer

W. Dick Sainsbury

Vice-President, Manufacturing
and Logging

C. Robert Solloway

Vice-President, General
Counsel and Secretary

Colin B. Warner

Vice-President, Finance

Kent T. Williamson

Comptroller

Executive Offices

1055 West Hastings Street,
Vancouver, B.C.

Postal Address

P.O. Box 2179,
Vancouver, B.C. V6B 3V8

Share Transfer Agents

The Royal Trust Company,
Vancouver, Calgary, Regina,
Winnipeg, Toronto, Montreal

Seaboard Lumber Sales Company Limited

Vancouver
Agents for waterborne sales
of lumber and panelboard.

Price & Pierce International Ltd.

London, New York,
Vancouver

Agents for the sale of pulp.

Operations, Products and Annual Capacities

| | Million Sq. Ft. 3/8" Basis |
|--|----------------------------------|
| Softwood Plywood | |
| Kent Avenue, Vancouver, B.C. | 190 |
| Quesnel, B.C. | 144 |
| †100 Mile House, B.C. | 120 |
| Merrill & Wagner, Williams Lake, B.C. | 135 |

| | Million Sq. Ft. 3/8" Basis |
|--------------------------|----------------------------------|
| Specialty Plywood | |
| T-Ply, Surrey, B.C. | 60 |
| Longlac, Ont. | 35 |

| | Million Bd. Ft. |
|---|--------------------|
| Lumber | |
| Empire Lumber, Squamish, B.C. | 150 |
| Flavelle Cedar, Port Moody, B.C. | 85 |
| Timberland, Surrey, B.C. | 70 |
| †100 Mile House, B.C. | 72 |
| Westree, Quesnel, B.C. | 75 |
| **Babine Forest Products, Burns Lake, B.C. | 150 |
| Merrill & Wagner, Williams Lake, B.C. | 84 |
| **Houston Forest Products, Houston, B.C. | 174 |
| Huntsville, Ont. | 21 |
| Searchmont, Ont. | 13 |

| | Million Sq. Ft. |
|----------------------------|--------------------|
| Veneers | |
| Quesnel, B.C. (3/8" Basis) | 77 |
| Searchmont, Ont. | 80 |
| South River, Ont. | 40 |

| | Million Sq. Ft. 3/8" Basis |
|---|----------------------------------|
| Waferboard | |
| Longlac, Ont. | 127 |
| Alberta Waferweld, Slave Lake, Alta. | 127 |

| | Tons |
|--|---------|
| Pulp | |
| **Cariboo Pulp & Paper, Quesnel, B.C. | 280,000 |

**Partly owned.

†To be replaced by a new sawmill with
annual capacity of 154 million bd. ft.

Distribution Centres

Eastern Division

Dartmouth, N.S.
Saint John, N.B.
Quebec, Que.
Three Rivers, Que.
Sherbrooke, Que.
Montreal, Que.

Central Division (Ontario)

Ottawa
Kingston
Toronto
London
†Windsor
Sudbury
Thunder Bay

Western Division

Winnipeg, Man.
Regina, Sask.
Saskatoon, Sask.
Calgary, Alta.
Edmonton, Alta.
Grande Prairie, Alta.
Kelowna, B.C.
Prince George, B.C.
Vancouver, B.C.

††To close March 31, 1984.

