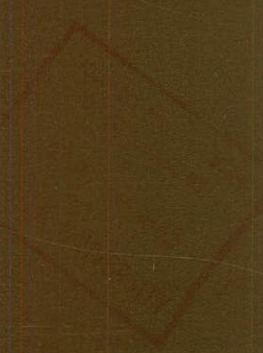


Weldwood

1982

Annual Report



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The Nineteenth 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 28, 1983 at 11:00 a.m.

Financial Highlights

<i>(dollars in thousands, except per share)</i>	1982	1981
Sales and Income		
Net sales	\$415,201	\$481,094
Income (loss) before income taxes.....	(33,409)	1,804
Income tax recovery	17,490	2,971
Net income (loss)	(15,919)	4,775
Per Common and Ordinary Share		
Net earnings (loss)	\$ (3.26)	\$.97
Dividends		
Common	0.25	1.00
Ordinary.....	0.25	1.00
Shareholders' equity.....	31.21	34.72
Financial position		
Working capital	\$104,848	\$ 80,565
Total assets.....	332,881	352,295
Long-term debt.....	92,946	49,123
Shareholders' equity.....	153,347	170,500
Analytical information		
Ratio of current assets to current liabilities	2.78	1.91
Ratio of long-term debt to equity	0.61	0.29
Return on average capital employed	(3.0%)	3.9%
Return on shareholders' equity.....	(9.4%)	2.8%
Capital expenditures	\$ 3,169	\$ 18,960



Directors' Report to the Shareholders

In our 1981 report we stated that the outlook for 1982 was a bleak one. Unfortunately that statement was absolutely correct and business conditions for your company were even worse than our most pessimistic forecasts anticipated.

Demand for wood products and pulp underwent further declines throughout the world and prices fell to new lows. For Weldwood this resulted in a loss for the year of \$15.9 million or \$3.26 a share compared with the previous year's profit of \$4.8 million and 97 cents a share.

The terrible business conditions made it necessary for us to take some severe measures to ensure the company's survival.

The critical situation made the year particularly difficult for our employees. We were not able to offer our salaried employees a pay increase in 1982. Most of our unionized people did receive rate increases during the year, but their actual income was substantially reduced by production curtailments which resulted in layoffs at several of our operations. We continued a hiring freeze and eliminated many positions.

Our shareholders were also affected as a result of dividends being suspended after the first quarter.

Other cost-cutting measures included the virtual elimination of capital expenditures. Inventory levels were reduced substantially and all cost areas of the company were carefully scrutinized and dealt with in the most appropriate way to

maintain our financial health without long-term negative effects.

We owe a great deal of gratitude to all our employees for the tremendous effort and spirit of co-operation that they exhibited in coping so well with the problems we faced during the year. Without that support, the company would be in a much worse position.

Although we were dealt a severe blow financially by huge operating losses, Weldwood came out of the year with a solid financial position and virtually no increase in our total borrowing.

We have always considered ourselves a lean organization but in 1982 we became considerably more so. Productivity increased in all areas of our business and this improvement will lead to a continued better performance in the future.

Despite the difficulties faced by our company and the entire industry in 1982, the year may have some positive implications for the future. We are in a world competitive commodity business, and we must have increased productivity and be cost competitive if we are to survive and be successful. The actions taken by your company in 1982 will help us to meet the need to be more competitive in the future.

The Outlook for 1983

Conditions appear to be developing that will allow for a gradual recovery during 1983.

Interest rates, the most critical factor in our business environment, are substantially lower and housing activity in North America is increasing as a result. We are cautiously optimistic that this trend will continue throughout the year and into succeeding years, leading to a return of reasonable market conditions for our wood products.

Offshore markets should develop the same trend but their recovery will lag behind that of North America.

We believe that bleached kraft pulp markets have reached the bottom but it will be some time before the economics of that business return to acceptable levels.

When the recovery is certain and our financial position allows, we will proceed with our delayed capital projects. A major priority is to continue with the construction of the new sawmill at 100 Mile House which was stopped in 1981 when business conditions began to deteriorate.

During 1983 we will be negotiating new contracts at all our operations. The most significant of these will be the industry negotiations with the International Woodworkers of America, representing hourly employees at our logging and wood products plants in British Columbia, and the Canadian Paperworkers Union, representing hourly employees at Cariboo Pulp & Paper. The economics of the business are well

known and the financial position of the industry as a whole is a disaster. We are hopeful that these problems will be recognized and that a settlement appropriate to the situation can be negotiated.

Coal

The government of British Columbia has given Stage II approval to Quinsam Coal Limited, owned jointly by Weldwood and Brinco Limited, to proceed with the development of our coal property near Campbell River, B.C.

Although markets for thermal coal have weakened somewhat, we are optimistic that satisfactory sales arrangements can be made and construction can begin during the year.

Long-Term Outlook

Weldwood is well positioned to benefit from future improvements in our business conditions.

Our plants are cost competitive and we intend to make them more so by capital improvements as our cash flow improves.

We have learned a great deal from the experience of the last two years and we will do considerably better in the future because of the actions we were forced to take in 1982.

I would like once again to thank all our employees for their outstanding support and effort during most difficult times.

On behalf of the Directors



THOMAS A. BUELL
*Chairman of the Board,
President and Chief Executive Officer*

Review of Operations

Weak markets forced production curtailments at most of Weldwood's operations during 1982, although production of both lumber and pulp increased slightly over the previous year when an industry-wide strike shut British Columbia operations for six weeks.

Weldwood's operations in B.C. include two plywood plants and three sawmills in the Vancouver area and three sawmills, three plywood plants and a veneer plant in the Interior. The company also holds major interests in three affiliates in the Interior: Houston Forest Products Company, Babine Forest Products Limited and Cariboo Pulp & Paper Company. In addition, the company operates a waferboard plant at Slave Lake, Alta., and two sawmills, two veneer plants, a plywood plant and a waferboard plant in Ontario.

Lumber

Softwood lumber production from Weldwood's mills and its share of affiliates increased to 521 million board feet in 1982, eight per cent more than in strike-affected 1981, but still below the levels of earlier years.

The company's coastal mills were the most severely affected by the economic downturn. They operated at about 50 per cent of normal levels throughout most of the year, with the exception of the Flavelle Cedar Mill, which maintained normal operations. Interior mills ran at close to normal levels for most of the year, with the exception of Canim Lake, where it was necessary to take considerable downtime.

Hardwood lumber production at Weldwood's Ontario mills was 27 million board feet, down from 29 million in 1981. These mills operated at about 75 per cent of normal levels in 1982.

Panelboard

Plywood production dropped to 482 million square feet ($\frac{3}{8}$ " basis) in 1982, about 65 per cent of capacity. In 1981, production was 508 million square feet.

Again, B.C. coastal plants were hardest hit. These plants, Kent Avenue and T-Ply, produce primarily sanded plywood and specialty panels, which were less in demand than the construction grade plywood produced by Interior plants. Kent and T-Ply operated at about half normal levels for most of the year. In the B.C. interior, production remained at close to normal levels except at Canim Lake, where periodic shut-downs were necessary.

Production at the company's two waferboard plants dropped to 77 million square feet in 1982, about 30 per cent of capacity and about half the previous year's level of 150 million square feet.

Pulp

Production at Cariboo Pulp & Paper Company increased 13 per cent to 266,000 short air dry tons of bleached kraft pulp from 236,000 tons in 1981. This was a production record for the mill resulting from a continuing program to increase efficiency.

Although pulp markets weakened as the year progressed, the plant maintained normal operations with the exception of a three-week extended maintenance shutdown in September.

Logging and Forestry

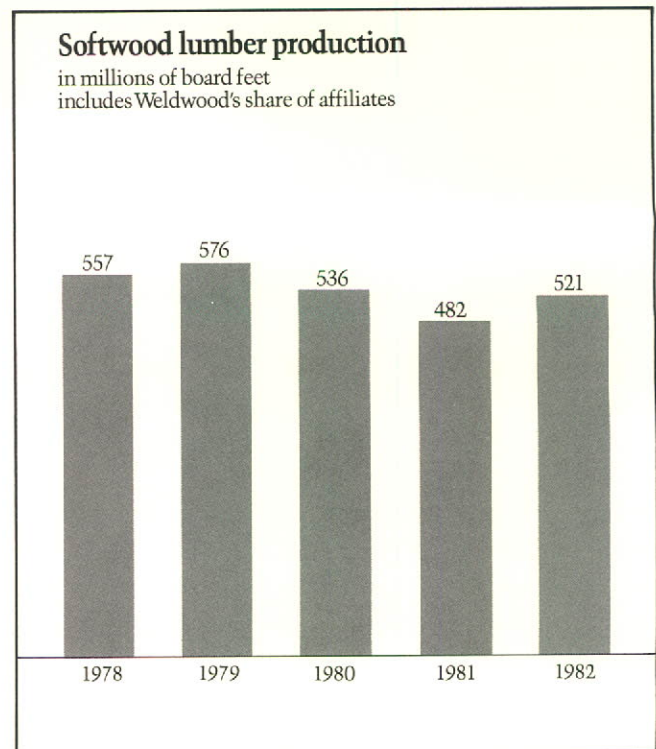
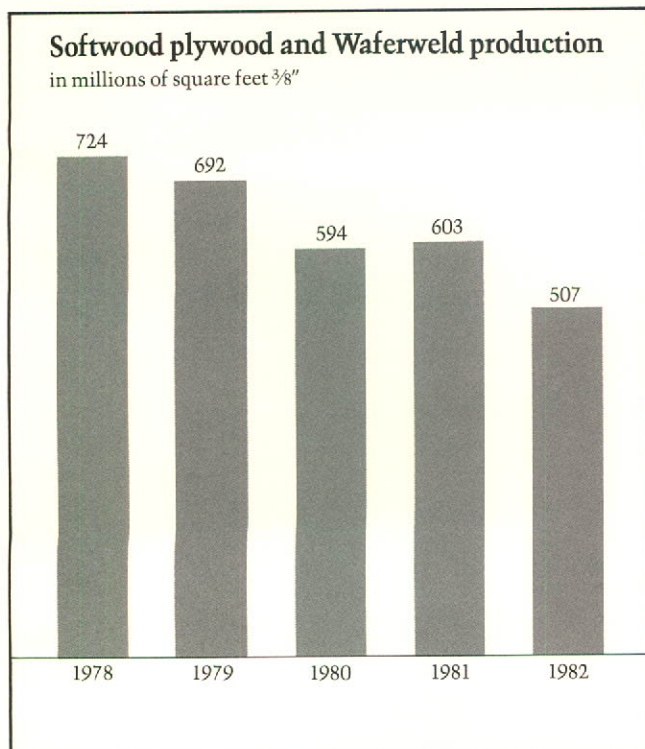
The total log harvest by Weldwood and its affiliated companies was 3.6 million cubic metres in 1982 compared with 3.7 million in 1981.

In the B.C. interior, log production increased by 17 per cent to 2.8 million cubic metres compared with the previous year's 2.4 million. For the second consecutive year Interior logging operations were primarily concentrated in beetle-infested spruce and pine stands.

On the Coast, the harvest dropped to less than two thirds of the 1981 level, reflecting lack of demand at the mills. Some 601,000 cubic metres of logs were harvested in 1982, compared with 945,000 the previous year.

While the log harvest declined, reforestation increased over the 1981 level. The company planted 6.8 million seedlings in 1982, compared with 6 million the previous year. Much of the reforestation was completed immediately after logging, instead of following one to three years later, as is the more common practice.

In addition to reforestation, the company continued its program of brush clearing, spacing and other intensive silviculture projects. On the Coast, forestry crews completed the first stage of the Vedder Mountain forest reclamation project and began stage two. In the Interior, a tree improvement program was launched with the collection of cones from superior Douglas fir trees. After progeny testing, trees which prove to be genetically superior will form the basis for a seed orchard to be established for Cariboo transition zone Douglas fir. Interior operations also carried out a conifer release program to clear young conifer plantations of deciduous trees.



Marketing

Markets for Weldwood products were severely depressed for most of the year. Although demand for some wood products began to strengthen towards year end, pulp markets grew steadily weaker as the year progressed.

To market its products domestically, Weldwood operates 23 distribution centres across Canada and a centralized product supply warehouse in Vancouver.

Panelboard

Markets for construction grade plywood and waferboard began to revive in the last weeks of 1982 after a year and a half of decreased activity.

The market upswing was primarily attributable to low inventories and an anticipated increase in housing starts in Canada, where Weldwood sells about 85 per cent of its plywood. In 1982, Canadian housing starts dropped to 126,000, the lowest level in more than two decades.

European plywood markets, particularly in the U.K., also showed signs of renewed activity toward year end. However, no significant improvement occurred in either domestic or overseas markets for hardwood and other specialty panels and sanded plywood, which traditionally lag behind those for construction grade panels.

Total sales of panelboard in 1982 dropped to \$151.5 million from \$193 million the previous year. Softwood plywood accounted for \$102.1 million of this total in 1982, compared with \$129 million the previous year.

Of all Weldwood products, waferboard was hardest hit by the North American recession. As a relatively new product, it has not yet built up the market that exists for traditional building materials and consequently suffered more from the general slump in demand. Furthermore, several new waferboard plants have come on stream in the past two years, greatly increasing the supply. Our Waferweld marketing program will continue to be aimed at gaining complete market acceptance for this excellent product.

Lumber

1982 was a slow and difficult year for the

lumber trade until late November when demand for Interior spruce-pine-fir (S PF) underwent a sudden upsurge in the U.S. and prices began to rise.

The increase in demand was attributed to low inventories at the dealer level coupled with forecasts for an increase in U.S. housing starts. U.S. housing starts dropped to 1 million in 1982, the lowest level for many years.

As about half Weldwood's lumber production is sold in the U.S., the improvement in the S PF market was an encouraging conclusion to a poor year.

Although no improvement of any significance was seen in overseas markets, there was evidence of a slight strengthening in the Japanese market, Weldwood's largest after the U.S. Other overseas markets remained in the grip of recession. Weldwood products are marketed overseas and on the east coast of the U.S. by Seaboard Lumber Sales Company Limited.

One of Weldwood's marketing successes in 1982 involved the promotion of yellow cedar to Japanese buyers. We were able to achieve much improved acceptance for our yellow cedar products by manufacturing to the specific requirements and quality standards of the Japanese, and their response has been most gratifying.

Weldwood's total sales of softwood lumber in 1982 amounted to \$142.3 million, down from \$144.3 million in 1981.

Wholesale Building Materials

1982 was a difficult year for Weldwood's building materials distribution organization but the ability of this system to maximize the sale of our products Canada-wide was a key factor in maintaining operating levels at several of our plants.

Markets were extremely depressed for many of the products sold by the distribution organization, although the improvement in plywood and other product markets brought some relief towards year end. In general, home renovation markets remained stronger than residential construction in 1982.

For increased efficiency, operations of the distribution network were streamlined in 1982 with the consolidation of the Hamilton and Toronto centres and the extension of the Regina and Winnipeg service areas to include eastern Saskatchewan, which was formerly serviced from Yorkton. Economic conditions made it necessary to close the centre at St. John's, Nfld., and a system of direct carload shipments from Vancouver has been implemented to supply Newfoundland customers.

All distribution centres operated at peak efficiency, having reduced inventories, cut costs and implemented aggressive sales and promotional programs.

Pulp

The sale of Weldwood's 50 per cent share of the bleached kraft pulp made by Cariboo Pulp & Paper Company amounted to \$52.4 million in 1982 compared with \$54 million the previous year.

Markets weakened steadily throughout the year under severe recessionary pressures. Paper consumption dropped and competition among producers brought prices down. Sweden's devaluation of its currency has seriously eroded the competitive position of North American pulp in European markets.

Price & Pierce International Ltd. is Weldwood's exclusive sales agent for Cariboo pulp.

Net Sales by Product *(in millions)*

	1982	1981	1980	1979
Products produced by Weldwood:				
Softwood plywood and Waferweld.....	\$115.3	\$146.6	\$134.6	\$159.1
Hardwood plywood.....	18.6	22.1	19.0	21.2
Softwood lumber.....	112.1	111.1	112.3	142.0
Hardwood lumber.....	6.2	7.8	7.8	9.0
Veneer.....	3.7	4.6	5.6	7.1
Logs.....	9.9	14.8	23.3	26.5
Pulp.....	52.4	54.0	62.2	50.8
	<u>318.2</u>	<u>361.0</u>	<u>364.8</u>	<u>415.7</u>
Products purchased and resold.....	97.0	120.1	103.1	112.7
	<u>\$415.2</u>	<u>\$481.1</u>	<u>\$467.9</u>	<u>\$528.4</u>

Net Sales by Market *(in millions)*

	1982			
	Total	Canada	U.S.	Overseas
Softwood plywood and Waferweld.....	\$116.1	\$ 98.4	\$ 3.6	\$ 14.1
Hardwood plywood.....	35.4	28.2	6.8	0.4
Softwood lumber.....	142.3	34.8	80.5	27.0
Hardwood lumber.....	6.4	3.0	2.4	1.0
Veneer.....	3.7	0.4	3.0	0.3
Logs.....	13.5	13.5	—	—
Pulp.....	52.4	0.2	18.1	34.1
Other products.....	45.4	41.7	3.7	—
Total.....	<u>\$415.2</u>	<u>\$220.2</u>	<u>\$118.1</u>	<u>\$ 76.9</u>
% 1982.....	100.0	53.0	28.5	18.5
% 1981.....	100.0	60.1	25.3	14.6

Financial Review

Throughout 1982 the principal concern of the company in the financial area was the conservation of cash to ensure that a strong balance sheet be maintained. Despite a cash loss from operations of close to \$15 million the total net debt at year end only increased by approximately \$1.5 million. This was achieved by the elimination of all discretionary capital expenditures and very stringent inventory control throughout the company, especially in the wholesale building materials and logging divisions.

The ratio of current assets to current liabilities improved from 1.9:1 to 2.8:1 due to the issuance of \$50 million in long-term bank credit agreements. The company will now be able to resume its major capital expenditures program as soon as economic conditions improve.

Capital expenditures in 1982 totalled \$3.2 million, mainly for maintenance of operations and logging roads. Major projects presently on hold include the completion of the new sawmill at 100 Mile House, energy conservation at Longlac and cost reduction projects at a number of locations.

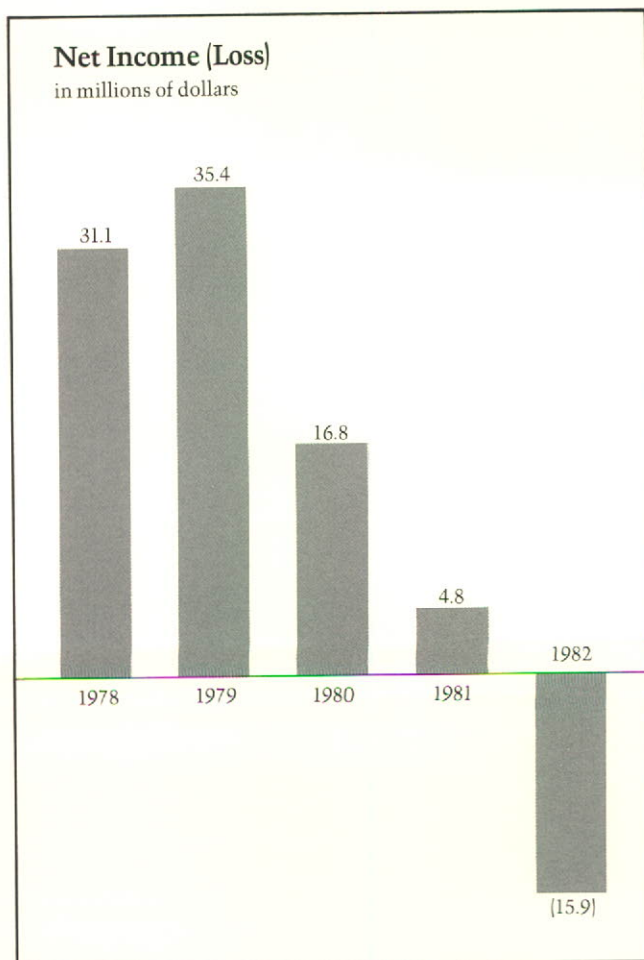
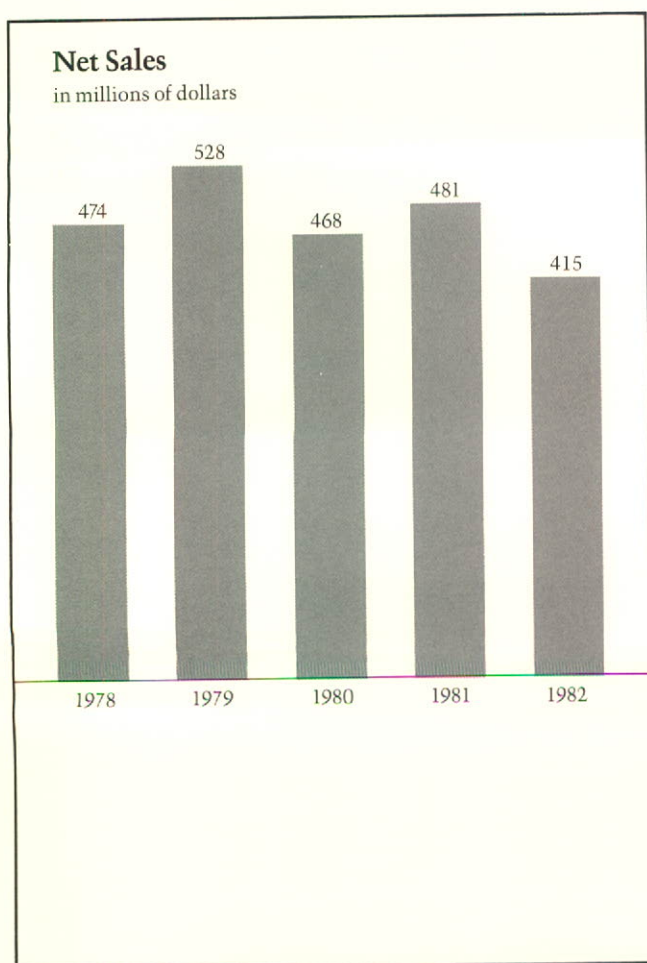
The impact on earnings of each one cent difference between the Canadian and U.S. dollar in 1982 was about 13 cents per share. However, the exchange relationship between U.S. and Canadian currency is only part of the story; while we received some benefit from the weakening of the Canadian dollar against the U.S. dollar, this was far outweighed by the detriment resulting from the strengthening of both dollars against other currencies, especially those of the Scandinavian countries and Japan.

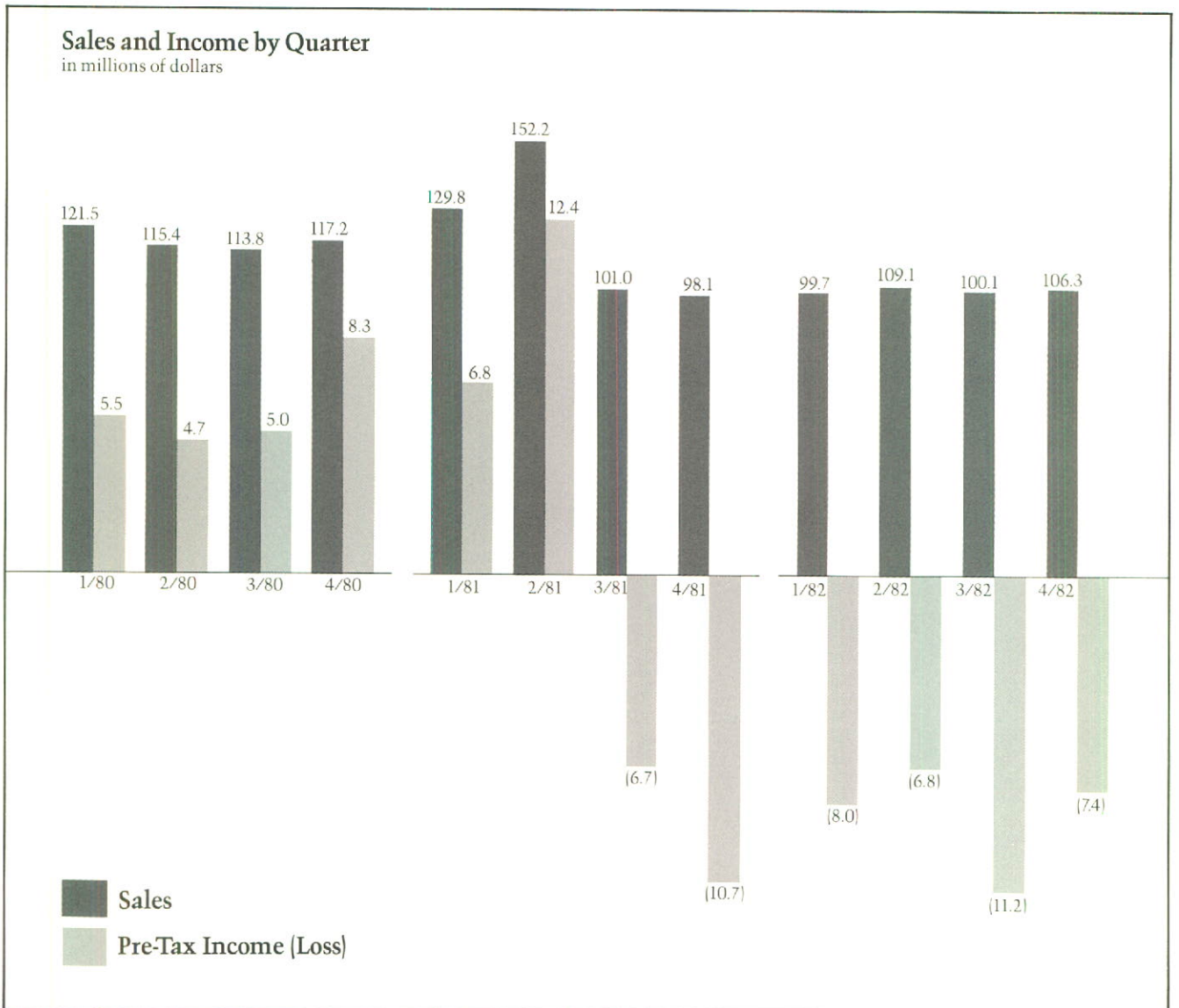
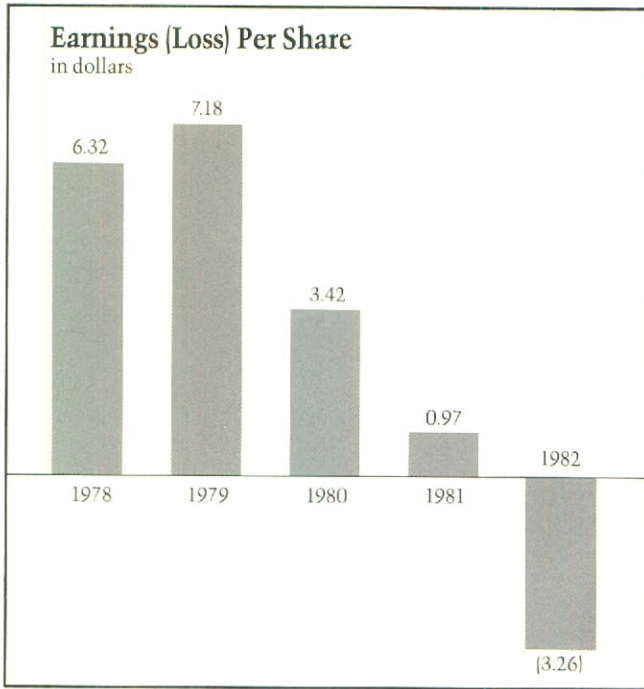
Fixed deductions, such as the benefit from the inventory allowance, again had a beneficial impact on the income tax recovery in 1982 and are explained in the Notes to the Financial Statements.

After the dividends of 25 cents per share were paid at the end of the first quarter, no further dividends on either Common or Ordinary Shares were declared. Common Shares began trading in 1982 on the Toronto Stock Exchange at \$25³/₈, fell to a low of \$17¹/₈ and closed at a high for the year of \$26¹/₂. A total of 225,885 shares were traded and there were 1,514 Common shareholders at year end.

Capital Expenditures

<i>(in thousands)</i>	1982	1981	1980	1979	1978
Manufacturing and logging	\$ 1,337	\$11,816	\$15,046	\$29,708	\$15,544
Logging roads.....	757	1,908	5,643	7,480	5,644
Sales distribution.....	48	981	2,914	1,204	2,475
Pulp	595	3,463	943	1,342	830
Other	432	792	3,603	1,858	396
	<u>\$ 3,169</u>	<u>\$18,960</u>	<u>\$28,149</u>	<u>\$41,592</u>	<u>\$24,889</u>





Consolidated Income and Retained Earnings

For the Years Ended December 31

<i>(in thousands, except per share)</i>	1982	1981
Net sales	<u>\$415,201</u>	<u>\$481,094</u>
Costs and expenses		
Cost of sales	373,586	400,505
Selling, shipping and warehouse.....	21,736	22,009
General and administrative	25,446	27,813
Depreciation, depletion and amortization (Note 14)	18,031	18,908
Interest—long-term debt	6,437	2,288
—current borrowings	7,471	12,123
	<u>452,707</u>	<u>483,646</u>
Other income		
Interest	411	224
Gain on disposal of property and equipment..	209	836
Other (Note 15).....	3,477	3,296
	<u>4,097</u>	<u>4,356</u>
Income (loss) before income taxes	(33,409)	1,804
Income tax recovery (Note 16).....	<u>17,490</u>	<u>2,971</u>
Net income (loss)	(15,919)	4,775
Retained earnings—beginning of year	<u>117,023</u>	<u>117,170</u>
	101,104	121,945
Dividends (Note 13)	<u>1,250</u>	<u>4,922</u>
Retained earnings—end of year (Notes 8 and 13) .	<u>\$ 99,854</u>	<u>\$117,023</u>
Earnings (loss) per share	<u>\$ (3.26)</u>	<u>\$ 0.97</u>

Consolidated Balance Sheet

at December 31

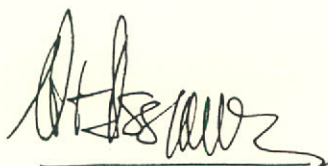
ASSETS	<i>(in thousands)</i>	1982	1981
Current			
Temporary investments.....		\$ 10,000	\$ —
Accounts receivable (Note 2)			
Trade.....		40,118	35,255
Affiliates.....		2,943	1,565
Other.....		9,618	10,138
Inventories (Note 3)		87,808	108,466
Income taxes recoverable.....		—	27
Prepaid expenses.....		5,548	6,303
Company's share of current assets of joint ventures		7,742	7,147
		<u>163,777</u>	<u>168,901</u>
Investments and other assets (Note 4)		<u>9,422</u>	<u>9,082</u>
Timber and roads (Note 5)			
Timber holdings		4,305	4,776
Logging roads.....		14,147	15,420
		<u>18,452</u>	<u>20,196</u>
Property and equipment (Notes 6 and 8)		246,723	245,439
Accumulated depreciation		<u>117,849</u>	<u>104,735</u>
		<u>128,874</u>	<u>140,704</u>
Deferred charges (Note 7)		<u>12,356</u>	<u>13,412</u>
		<u>\$332,881</u>	<u>\$352,295</u>

LIABILITIES	<i>(in thousands)</i>	1982	1981
Current			
Bank indebtedness.....		\$ 11,554	\$ 11,411
Commercial notes.....		—	36,300
Accounts payable and accruals			
Trade.....		32,255	29,987
Affiliates (Note 2)		1,245	1,585
Income taxes		103	—
Current instalments of long-term debt (Note 8)		6,488	2,670
Company's share of current liabilities of joint ventures		7,284	6,383
		<u>58,929</u>	<u>88,336</u>
Long-term debt (Note 8)		<u>92,946</u>	<u>49,123</u>
Deferred income taxes		<u>27,659</u>	<u>44,336</u>
Commitments and contingencies (Notes 9, 10 and 11)			
Shareholders' equity			
Share capital (Note 12).....		46,954	46,938
Contributed surplus		6,539	6,539
Retained earnings (Notes 8 and 13)		99,854	117,023
		<u>153,347</u>	<u>170,500</u>
		<u>\$332,881</u>	<u>\$352,295</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>	1982	1981
Sources of funds		
Net income (loss) before gain on disposal of property and equipment.....	\$ (16,128)	\$ 3,939
Depreciation, depletion and amortization.....	18,031	18,908
Decrease in deferred income taxes.....	(16,677)	(3,730)
Funds from (required for) operations.....	(14,774)	19,117
Proceeds from sale of property and equipment.....	375	1,660
Increase in share capital.....	16	29
Increase in long-term debt.....	50,261	30,000
	<u>35,878</u>	<u>50,806</u>
Uses of funds		
Property and equipment.....	2,400	16,580
Timber and roads.....	769	2,380
Decrease in long-term debt.....	6,438	2,658
Dividends.....	1,250	4,922
Increase in deferred charges.....	398	4,515
Increase (decrease) in investments and other assets.....	340	(2,298)
	<u>11,595</u>	<u>28,757</u>
Increase in working capital	24,283	22,049
Working capital beginning of year.....	80,565	58,516
Working capital end of year.....	<u>\$104,848</u>	<u>\$ 80,565</u>
Changes in working capital components		
Temporary investments—increase.....	\$ 10,000	\$ —
Accounts receivable—increase (decrease).....	5,721	(5,348)
Inventories—increase (decrease).....	(20,658)	3,066
Prepaid expenses—increase (decrease).....	(755)	4,162
Bank indebtedness and commercial notes—decrease.....	36,157	9,947
Accounts payable and accruals—(increase) decrease.....	(1,928)	11,227
Income taxes—(increase).....	(130)	(668)
Current instalments of long-term debt—(increase).....	(3,818)	(6)
Company's share of working capital of joint ventures—(decrease).....	(306)	(331)
Increase in working capital.....	<u>\$ 24,283</u>	<u>\$ 22,049</u>

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

A. CONSOLIDATION

The consolidated financial statements include all subsidiary companies (Note 19). The unamortized excess of the purchase price of the common shares of these subsidiaries over the net book value of their assets (goodwill), amounting to \$4,724,000, has been included on consolidation in timber holdings (\$2,405,000) and in property and equipment (\$2,319,000). 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 1982, \$530,000 of the excess was amortized and charged to income (1981—\$530,000).

B. PARTLY-OWNED COMPANIES

Investments in and advances to partly-owned companies (Note 19) 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 19) 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 pieces 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 pieces.....	16.7 to 33.3%
Automotive equipment and aircraft.....	10.0 to 50.0%

Major pieces 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 preproduction and start-up costs incurred on major projects are deferred and 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. SALARIED PENSION PLANS

Pension costs for the year are computed on the basis of accepted actuarial methods and include estimated current service costs, valuation adjustments, and the amortization of past service costs over a period of 15 years.

K. 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 a year are accounted for as a reduction in that year's tax provision net of the applicable deferred income taxes.

L. 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.

The potential dilution of earnings per share resulting from the exercise of outstanding options on Common Shares is insignificant.

M. 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. Current asset and current 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 \$15,533,000 in 1982 (\$16,734,000 in 1981). 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, 1982, are \$2,429,000 (1981—\$979,000).

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 the 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, 1982, Accounts receivable—trade includes \$1,655,000 (1981—\$886,000) receivable from customers, and Accounts payable—affiliates includes \$1,231,000 (1981—\$808,000) 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, Houston Forest Products Company and Cariboo Pulp & Paper Company. These fees are included in Other income.

3. Inventories

<i>(in thousands)</i>	1982	1981
Logs	\$ 39,611	\$ 51,677
Panelboard	17,605	24,907
Lumber	15,015	13,879
Veneer	2,363	2,282
Pulp	4,157	2,125
Other building products and supplies	9,057	13,596
	<u>\$ 87,808</u>	<u>\$108,466</u>

4. Investments and Other Assets

<i>(in thousands)</i>	1982	1981
Deposits—timber and other	\$ 4,246	\$ 4,012
Long-term receivables	—	181
Investment in Babine Forest Products Limited	4,788	4,644
Other investments, at cost	388	245
	<u>\$ 9,422</u>	<u>\$ 9,082</u>

5. Timber and Roads

<i>(in thousands)</i>	1982	1981
Timber holdings		
Cost	\$ 10,546	\$ 12,058
Accumulated depletion	6,241	7,282
	<u>\$ 4,305</u>	<u>\$ 4,776</u>
Logging roads		
Cost	\$ 41,836	\$ 40,945
Accumulated amortization	27,920	25,853
	<u>13,916</u>	<u>15,092</u>
Company's share of roads of joint venture		
Cost	513	491
Accumulated amortization	282	163
	<u>231</u>	<u>328</u>
	<u>\$ 14,147</u>	<u>\$15,420</u>

6. Property and Equipment

(in thousands)

	1982			1981
	Cost	Accumulated Depreciation	Net	Net
Land.....	\$ 5,546	\$ —	\$ 5,546	\$ 5,540
Buildings.....	42,776	20,029	22,747	24,198
Leasehold improvements.....	507	351	156	192
Machinery and equipment.....	119,315	61,948	57,367	61,533
Logging equipment.....	17,161	10,309	6,852	7,798
Construction in progress.....	2,924	—	2,924	5,463
Company's share of property and equipment of joint ventures	58,494	25,212	33,282	35,980
	<u>\$246,723</u>	<u>\$117,849</u>	<u>\$128,874</u>	<u>\$140,704</u>

7. Deferred Charges

(in thousands)

	1982			1981
	Cost	Accumulated Amortization	Net	Net
Financing expenses.....	\$ 1,052	\$ 811	\$ 241	\$ 294
Interest.....	5,127	1,938	3,189	3,484
Coal properties.....	3,505	—	3,505	3,452
Preproduction and other costs	7,035	1,614	5,421	6,182
	<u>\$ 16,719</u>	<u>\$ 4,363</u>	<u>\$ 12,356</u>	<u>\$ 13,412</u>

8. Long-Term Debt

(table in thousands)

	1982	1981
6 ⁷ / ₈ % First Mortgage and Collateral Trust Bonds Series B, due September 30, 1984...	\$ 2,360	\$ 3,240
9 ³ / ₄ % First Mortgage and Collateral Trust Bonds Series C, due September 30, 1991...	15,975	17,625
Bank Credit Agreements.....	80,000	30,000
Other.....	1,099	928
	<u>\$ 99,434</u>	<u>\$ 51,793</u>
Less current instalments.....	6,488	2,670
	<u>\$ 92,946</u>	<u>\$ 49,123</u>

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

1983—\$ 6,488,000 1986—\$13,780,000

1984—\$10,211,000 1987—\$13,691,000

1985—\$13,751,000

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, 1982, the maximum amount permitted is \$67,845,000.

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 from June 30, 1983 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 1982 was \$1,640,000 (1981—\$2,493,000) including \$450,000 for amortization of past service costs. Based on the latest actuarial valuation, dated December 31, 1981, the unfunded past service liability at that date was \$3,378,000.

The Company's share of salaried pension plan costs of joint ventures in 1982 was \$144,000 (1981—\$166,000).

10. Long-Term Lease Commitments

The Company is committed to pay an aggregate amount of \$5,792,000 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:

1983—\$1,178,000	1986—\$660,000
1984—\$ 933,000	1987—\$605,000
1985—\$ 766,000	

The Company's share of lease commitments of joint ventures is \$2,336,000 in aggregate and as follows in the next five years:

1983—\$241,000	1986—\$237,000
1984—\$237,000	1987—\$223,000
1985—\$237,000	

11. Contingencies

- A. The Company is a defendant in two actions by Alberta Aspen Board Limited (Aspen Board), one claiming judgment in the sum of \$8,750,000 plus costs and the other claiming 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, 1982		Outstanding December 31, 1981	
		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	1,317,097	14,249	1,316,047	14,233
Ordinary Shares without nominal or par value.....	4,000,000	3,580,291	32,205	3,580,291	32,205
Outstanding at end of year.....			<u>\$ 46,954</u>		<u>\$ 46,938</u>

During 1982, 1,050 (1981—1,850) Common Shares were issued for \$16,000 (1981—\$29,000) 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.

Options are granted for 10 years at prices equal to 90% of the average price for shares traded in board lots on either the Toronto or Vancouver Stock Exchanges on the first business day preceeding the date on which the options are granted. At December 31, 1982, options for a total of 5,700 shares are outstanding, as follows:

Expiry Date	Optionees	No. of Shares Optioned	Option Price
March 14, 1983	Senior officers	1,650	\$15.44
March 14, 1983	Other employees	4,050	\$15.44
		<u>5,700</u>	

13. Dividends

A. DIVIDENDS DECLARED

	1982		1981	
	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.....	0.25	329	1.00	1,316
Ordinary Shares	0.25	895	1.00	3,580
		<u>\$1,250</u>		<u>\$4,922</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, 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, 1982, equal dividends per share have been declared on the Common and Ordinary Shares.

14. Depreciation, Depletion and Amortization

(in thousands)

	1982	1981
Depreciation.....	\$ 13,750	\$ 13,370
Depletion	112	156
Amortization of logging roads	2,185	4,133
Amortization of long-term financing expenses and deferred interest costs	338	221
Amortization of other deferred costs	1,116	498
Amortization of goodwill	530	530
	<u>\$ 18,031</u>	<u>\$ 18,908</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 recovery of income taxes is made up of the following components:

<i>(in thousands)</i>	1982	1981
Income tax recovery (provision) based on combined Canadian federal and provincial income tax rates, net of manufacturing and processing deduction:		
Rate	46.6%	49.2%
Amount	\$ 15,569	\$ (887)
Increase (decrease) in tax recovery due to:		
Inventory allowance	1,490	1,537
Benefit of investment tax credits	150	1,835
Other	281	486
Income tax recovery	<u>\$ 17,490</u>	<u>\$ 2,971</u>

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

17. Remuneration of Directors and Senior Officers

The aggregate remuneration paid or payable to directors and senior officers was \$987,000 (1981—\$976,000).

18. 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:

Sales by Country	<i>(in thousands)</i>		1982		1981	
United States of America	\$118,099	28.5%	\$121,488	25.3%		
Other foreign countries	76,857	18.5%	70,347	14.6%		
Total export sales	<u>194,956</u>	<u>47.0%</u>	<u>191,835</u>	<u>39.9%</u>		
Canada	220,245	53.0%	289,259	60.1%		
Net sales	<u>\$415,201</u>	<u>100.0%</u>	<u>\$481,094</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.

19. 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

(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 Development Limited
- Merrill & Wagner Limited (in voluntary liquidation)
- 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%)

20. Comparative figures

Certain comparative figures have been reclassified to conform with the 1982 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, 1982 and 1981, 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, 1982 and 1981, 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, 1983

ARTHUR ANDERSEN & Co.
Chartered Accountants

Ten Year Review

(Years Ended December 31)

	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973
Earnings (\$ Millions)										
Net sales	415.2	481.1	467.9	528.4	474.4	386.7	331.8	261.1	266.7	265.4
Cost of sales	373.6	400.5	386.7	416.4	372.3	311.5	263.6	210.5	209.2	207.1
Selling, shipping and administrative expenses	47.2	49.8	42.9	42.4	38.0	36.0	32.5	26.2	23.8	22.2
Depreciation, depletion and amortization	18.0	18.9	16.2	15.2	15.6	13.5	13.5	11.8	10.9	8.0
Interest expense	13.9	14.4	8.1	6.2	5.5	5.7	5.2	5.1	5.3	4.4
Other income	(4.1)	(4.3)	(9.6)	(8.9)	(8.1)	(4.4)	(1.8)	(2.7)	(1.5)	(1.3)
Income taxes (recovery)	(17.5)	(3.0)	6.8	21.7	20.0	10.2	9.4	5.0	9.3	11.9
Net income (loss)	(15.9)	4.8	16.8	35.4	31.1	14.2	9.4	5.2	9.7	13.1
Per Common and Ordinary Share										
Net earnings (loss)	(3.26)	0.97	3.42	7.18	6.32	2.84	1.84	.94	1.87	2.58
Dividends—common	0.25	1.00	1.00	.88	.76	.57	.54	.50	.50	.50
—ordinary	0.25	1.00	1.00	.88	1.33	—	.54	.50	.50	.50
Shareholders' equity	31.21	34.72	34.76	32.37	26.64	21.54	18.85	17.17	16.72	15.35
Shareholders at year end	1,514	1,620	1,799	1,907	2,196	2,471	2,571	2,708	2,795	2,753
Common share price range (\$/share)										
High	26½	32½	26½	27	22½	13¾	13½	11¾	14¾	18½
Low	17¼	19½	17⅝	18¼	10½	9¾	10	7½	5¾	10½
Financial Position (\$ Millions)										
Current assets	163.8	168.9	163.9	170.7	141.9	116.3	98.1	87.8	69.4	77.9
Current liabilities	58.9	88.4	107.2	113.7	85.4	66.9	49.8	41.3	24.3	31.0
Working capital	104.9	80.5	56.7	57.0	56.5	49.4	48.3	46.5	45.1	46.9
Investments and other assets	9.4	9.1	17.9	18.2	14.4	5.5	4.1	3.9	2.1	1.5
Timber and roads	18.5	20.2	22.4	21.6	18.5	18.3	17.4	18.4	19.3	17.4
Property and equipment, net	128.9	140.7	131.1	120.3	97.7	88.9	79.9	81.9	85.8	77.6
Deferred charges	12.4	13.4	9.3	3.3	3.4	5.6	6.7	7.6	7.3	6.8
	274.1	263.9	237.4	220.4	190.5	167.7	156.4	158.3	159.6	150.2
Long-term debt	93.0	49.1	21.8	24.6	27.2	31.6	34.8	40.0	45.7	46.3
Deferred income taxes	27.7	44.4	45.0	37.2	29.6	27.5	26.1	26.1	23.8	20.5
Share capital	47.0	46.9	46.9	46.8	50.0	49.9	49.9	54.8	54.8	54.8
Contributed surplus	6.5	6.5	6.5	6.5	6.5	6.5	6.5	4.6	4.6	4.6
Retained earnings	99.9	117.0	117.2	105.3	77.2	52.2	39.1	32.8	30.7	24.0
	274.1	263.9	237.4	220.4	190.5	167.7	156.4	158.3	159.6	150.2
Other Statistics										
Ratio of current assets to current liabilities	2.78	1.91	1.53	1.50	1.66	1.76	1.97	2.16	2.92	2.56
Ratio of long-term debt to equity	.61	.29	.13	.15	.20	.29	.36	.43	.51	.55
Return on average capital employed (%)	(3.0)	3.9	7.3	15.6	16.2	8.6	6.8	4.6	7.8	11.0
Return on shareholders' equity at beginning of year (%)	(9.4)	2.8	10.6	26.4	28.7	14.8	10.2	5.8	11.6	17.9
Employees at year end (adjusted for seasonal and short-term curtailments)	4,200	4,900	5,600	5,500	5,600	5,300	4,800	4,500	3,700	4,600
Production Statistics										
Softwood plywood and Waferweld (Millions sq. ft. ¾")	507	603	594	692	724	637	586	507	438	562
Hardwood and specialty plywood (Millions sq. ft. ¾")	51	55	52	55	27	43	36	92	114	144
Softwood lumber (Millions Fbm)										
Company	374	355	388	450	477	469	365	281	308	334
Share of affiliates	147	127	148	126	80	51	47	18	—	—
Hardwood lumber (Millions Fbm)	27	29	28	33	33	32	29	25	23	27
Pulp (Thousands short air dry tons)	133	118	132	132	129	129	129	88	113	100

Board of Directors

John A. Ball

Executive 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

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

John O. McCutcheon

Chairman of the Board,
Carlyle Eagle Petroleum
Ltd., Calgary

Bryce P. Page

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

*Alexander G. Rankin

Vice-President,
University of Toronto,
Toronto

*Forrest Rogers

Chairman of the Board,
B.C. Sugar Refinery,
Limited, Vancouver

Colin B. Warner

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

*H. Richard Whittall

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

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, plywood and
specialty products.

Price & Pierce

International Ltd.

London, New York,
Vancouver

Agents for the sale of pulp.

Operations, Products and Annual Capacities

Plywood

	Million Sq. Ft. ¾" Basis
Kent Avenue, Vancouver, B.C.	190
T-Ply, Surrey, B.C.	60
Quesnel, B.C.	144
Canim Lake, 100 Mile House, B.C.	120
Merrill & Wagner, Williams Lake, B.C.	135
Longlac, Ont.	55

Lumber

	Million Bd. Ft.
Empire Lumber, Squamish, B.C.	150
Flavelle Cedar, Port Moody, B.C.	85
Timberland, Surrey, B.C.	70
Canim Lake, 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

Veneers

	Million Sq. Ft.
Quesnel, B.C. (¾" Basis)	77
Searchmont, Ont.	80
South River, Ont.	40

Waferboard

	Million Sq. Ft. ¾" Basis
Longlac, Ont.	127
Alberta Waferweld, Slave Lake, Alta.	127

Pulp

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

*Jointly owned.

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
Kirkland Lake
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.

