

COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985 c. C-34, as amended;

AND IN THE MATTER OF the acquisition of Weldwood of Canada Limited by West Fraser Timber Co. Ltd.;

AND IN THE MATTER OF the filing and registration of a consent agreement pursuant to section 105 of the *Competition Act*;

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

**WEST FRASER TIMBER CO. LTD.
and WEST FRASER MILLS LTD.**

Respondents

CONSENT AGREEMENT

COMPETITION TRIBUNAL TRIBUNAL DE LA CONCURRENCE	
FILED	CT-2004-013 DEC 7 2004
REGISTRAR - REGISTRAIRE	
OTTAWA, ON	11(6)

PUBLIC VERSION

Registry of the Competition Tribunal Grefe du Tribunal de la concurrence REGISTERED / ENREGISTRÉ
DEC 7 2004
FOR REGISTRAR / POUR REGISTRAIRE

I hereby certify this to be a true copy of the original document.
Je certifie par la presente que ce document est une copie conforme de l'original.

Dated this 7th day of
7th
DECEMBER 2004

For Registrar, Competition Tribunal /
Pour Registraire, Tribunal de la concurrence

COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985 c. C-34, as amended;

AND IN THE MATTER OF the acquisition of Weldwood of Canada Limited by West Fraser Timber Co. Ltd.;

AND IN THE MATTER OF the filing and registration of a consent agreement pursuant to section 105 of the *Competition Act*;

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

**WEST FRASER TIMBER CO. LTD.
and WEST FRASER MILLS LTD.**

Respondents

CONSENT AGREEMENT

WHEREAS West Fraser Mills Ltd. (“West Fraser”), a wholly-owned subsidiary of West Fraser Timber Co. Ltd., proposes to acquire the only outstanding share of Weldwood of Canada Limited (“Weldwood”) from International Paper Company (the “Transaction”);

AND WHEREAS the Commissioner of Competition (the “Commissioner”) has expressed concerns that, without the specific commitments contained herein, the Transaction, if substantially completed, is likely to lessen competition substantially in the British Columbia Highway 16 Corridor and the Cariboo Area (both as defined herein) in the market for the purchase of logs and, in the Highway 16 Corridor, in the market for the supply of inputs to lumber re-manufacturers;

AND WHEREAS the Commissioner has alleged certain material facts and West Fraser does not agree with the facts alleged and does not admit to any substantial lessening or prevention of competition in any relevant market, but, for the purpose of this Consent Agreement and any proceedings related to the subject matter thereof, except as specifically noted herein, including any proceeding pursuant to section 106 of the *Competition Act* R.S.C. 1985 c.c-34 as amended (the “Act”), does not contest the Commissioner’s initial conclusions based on those facts;

AND WHEREAS the Commissioner is satisfied that, subject to the terms of this Consent Agreement, the actions required to be taken by West Fraser pursuant to this Consent Agreement, once implemented, will address the Commissioner’s concerns that the Transaction is likely to prevent or lessen competition substantially in any relevant geographic or product market;

AND WHEREAS the Ministry of Forests of the Province of British Columbia has represented to the Commissioner that it supports the remedies to be implemented hereunder and is prepared to take the steps necessary to give effect to the South Line Tenure Divestiture as contemplated in this Consent Agreement.

AND WHEREAS, subject to the terms of this Consent Agreement, with the execution of this Consent Agreement and subject to compliance with the terms therein by West Fraser, the Commissioner will not oppose the Transaction, in whole or in part, pursuant to sections 92, 100 or 104 of the Act.

NOW THEREFORE the Respondents and the Commissioner agree as follows:

Definitions

1. For the purposes of this Consent Agreement, the following capitalized terms have the following meanings:

- (a) **“Affiliate”** has the meaning given to it in subsection 2(2) of the Act;
- (b) **“Associated Tenures”** means the timber harvesting rights identified in Schedule “C”;
- (c) **“Babine Limited”** means Babine Forest Products Limited, a company incorporated under the laws of British Columbia;
- (d) **“BFPC”** means the Babine Forest Products Company, a joint venture of West Fraser and Babine Limited, which owns, directly or indirectly, the Burns Lake Mill and the Decker Lake Mill, the Associated Tenures and other related assets as described in Confidential Schedule “D”;
- (e) **“Burns Lake Mill”** means the sawmill owned directly by BFPC located at Burns Lake, British Columbia;
- (f) **“Cariboo Area”** encompasses the region along Highway 97 from Williams Lake to 100 Mile House, British Columbia as more fully described in Schedule “B”;
- (g) **“Closing Date”** means the day upon which the transactions, contemplated pursuant to the Acquisition Agreement between International Paper Company and West Fraser Timber Co. Ltd. dated the 21st day of July, 2004, are first implemented in whole or in part. The Transaction shall be deemed to be “implemented” on the Closing Date.
- (h) **“Commissioner”** means the Commissioner of Competition appointed pursuant to section 7 of the Act;
- (i) **“Confidential Information”** means any information pertaining to the operation and business of the Mills including, without limitation, all manufacturing, operations and

financial information, operating costs and revenues, together with any information relating to the Mills owned by, or in the possession or control of Weldwood that is not independently known to Persons other than Weldwood;

- (j) “**Consent Agreement**” means this Consent Agreement entered into by the Respondents and the Commissioner together with all Schedules attached hereto;
- (k) “**Decker Lake Mill**” means the sawmill owned directly by DLFPL located at Decker Lake, British Columbia;
- (l) “**Divest**” means to implement a Divestiture;
- (m) “**Divestiture**” means a sale, transfer, assignment or other disposal pursuant to which neither of the Respondents shall have, directly or indirectly any remaining right, title, control or interest in any asset to be divested, except as permitted herein or upon the consent of the Commissioner;
- (n) “**DLFPL**” means Decker Lake Forest Products Limited a company incorporated under the laws of British Columbia;
- (o) “**Forest Act**” means the *Forest Act* (British Columbia) [R.S.B.C. 1996] Chapter 157 as same may be amended, or any successor legislation thereto;
- (p) “**Highway 16 Corridor**” encompasses the region along Highway 16 from Smithers to Burns Lake, British Columbia as more fully described in Schedule “A”;
- (q) “**Initial Divestiture Period**” means the Initial Divestiture Period specified in Confidential Schedule “E” to this Consent Agreement, together with any extensions to such period;
- (r) “**Mills**” means collectively the Burns Lake Mill and the Decker Lake Mill;
- (s) “**Person**” means any individual, partnership, firm, corporation, association, trust, unincorporated organization, government, Crown corporation or other entity;
- (t) “**Purchaser**” has the meaning given to it in paragraph 3;
- (u) “**Respondents**” means West Fraser Timber Co. Ltd. and West Fraser;
- (v) “**South Line Tenure**” means the timber harvesting rights located in the Cariboo Area described in Part I of Confidential Schedule “H”;
- (w) “**South Line Tenure Acceptable Purchaser**” means a single Purchaser, who qualifies as contemplated under Part 2 of Confidential Schedule “H” who:
 - (i) has the managerial, operational and financial capacity and intention to establish new or to expand existing capacity or output in the Cariboo Area totalling not less than an additional 300,000 cubic metres of logs per year;

- (ii) intends to participate in the log purchasing and processing market at such capacity as a going concern on a long term basis on or before January 5, 2008; and
- (iii) is not related, directly or indirectly, to any other owner or operator of a mill facility or enterprise in the Cariboo Area with annual log processing capacity of more than 400,000 cubic metres.
- (x) “**Transaction**” has the meaning given to it in the first recital to this Consent Agreement;
- (y) “**Tribunal**” means the Competition Tribunal established by the *Competition Tribunal Act*, R.S.C. 1985 c. 19 (2nd Supp.) as amended;
- (z) “**Trustee**” means the Trustee appointed by the Commissioner pursuant to paragraph 13 and any replacement of such Trustee pursuant to paragraph 13(n);
- (aa) “**Trustee Divestiture Period**” means the Trustee Divestiture Period specified in Confidential Schedule “F” to this Consent Agreement, together with any extensions to such period; and
- (bb) “**Weldwood and West Fraser Babine Interests**” means the 90% direct and indirect combined interest of Weldwood and West Fraser in the Burns Lake Mill, the Decker Lake Mill, the Associated Tenures and related assets as described in the attached Confidential Schedule “D”.

Application

2. The provisions of this Consent Agreement shall apply to:
 - (a) each of the Respondents, including each Affiliate or any other Person controlled by either of them and each officer, director, employee, or other Person acting for or on behalf of the Respondents with respect to any of the matters referred to in this Consent Agreement, and any successors and assigns of either of them; and all other Persons acting in concert or participating with either of them or any successor(s) or assign(s) in respect of the matters referred to in this Consent Agreement;
 - (b) following the completion of the Transaction, Weldwood, including each Affiliate or any other Person controlled by Weldwood and each officer, director, employee, or other Person acting for or on behalf of Weldwood with respect to any of the matters referred to in this Consent Agreement, and any successors and assigns of Weldwood; and all other Persons acting in concert or participating with Weldwood or any successor(s) or assign(s) in respect of the matters referred to in this Consent Agreement;
 - (c) the Commissioner; and

(d) the Trustee (if any), or any substitute thereof appointed pursuant to this Consent Agreement, and each employee, agent, or other Person acting for or on behalf of the Trustee or its substitute.

Divestiture

3. West Fraser shall Divest, and shall cause Weldwood to Divest, all of its right, title, control and interest in and to

(a) the Weldwood and West Fraser Babine Interests, subject to the conditions described in Part 1 of Schedule “E”, [CONFIDENTIAL], and

(b) the South Line Tenure, subject to the conditions described in Part 2 of Schedule “H”, to a South Line Tenure Acceptable Purchaser within the Initial Divestiture Period,

[CONFIDENTIAL].

4. Except as otherwise expressly set out in this Consent Agreement, any Divestiture is subject to the prior written approval of the Commissioner in accordance with the terms of this Consent Agreement.

5. Divestiture of the Weldwood and West Fraser Babine Interests, whether by West Fraser or the Trustee, shall be completed on the following terms:

(a) in a manner that will permit the continued operation as a going concern of the Burns Lake Mill [CONFIDENTIAL];

(b) to [CONFIDENTIAL] Purchasers who, to the satisfaction of the Commissioner,

(i) shall own the Weldwood and West Fraser Babine Interests and intend to use the Burns Lake Mill and [CONFIDENTIAL] the Decker Lake Mill, for the same purpose for which Weldwood and West Fraser owned, and Weldwood managed, the Burns Lake Mill and [CONFIDENTIAL] the Decker Lake Mill, prior to the completion of the Transaction; and

(ii) shall have the managerial, operational and financial capability to operate the Burns Lake Mill and [CONFIDENTIAL] the Decker Lake Mill, in accordance with paragraphs 5(a) and 5(b)(i) above, provided that the fact that a Purchaser requires certain post-Divestiture arrangements with West Fraser or others pursuant to paragraph 20 following the Divestiture will not be considered as an indication of a lack of such capability.

6. Divestiture of the South Line Tenure by West Fraser shall be completed on the terms set out in Part 2 of Schedule “H”. If a Divestiture of the South Line Tenure is completed in accordance with such terms, the requirement of West Fraser or Weldwood to Divest the South Line Tenure will be deemed satisfied.

7. Any Person making a bona fide inquiry of West Fraser or the Trustee regarding the possible purchase by that Person or its principal of the Weldwood and West Fraser Babine Interests shall be notified that the sale is being made pursuant to this Consent Agreement and shall be provided with a copy of this Consent Agreement, with the exception of the provisions hereof that are confidential and the attached confidential Schedules.

8. Subject to paragraphs 9 and 10 below, any prospective Purchaser who demonstrates, in the reasonable opinion of West Fraser, or the Trustee, as applicable, its bona fide interest in purchasing the Weldwood and West Fraser Babine Interests shall:

(a) be furnished, within fourteen (14) days of a request therefor, with all pertinent information regarding the Mills; and

(b) be permitted to make such reasonable inspection of the Mills, and of all financial, operational or other non-privileged documents and information which relate to the Mills which may be relevant to the Divestiture, except for any documents which shall at the time of request for inspection have been made the subject of an order of confidentiality by the Tribunal.

9. Access by a prospective Purchaser to the information and assets identified in paragraph 8 of this Consent Agreement shall be conditional on the execution of a customary confidentiality agreement containing, among other things, non-solicitation terms relating to personnel and suppliers prior to such prospective Purchaser completing the purchase of the Weldwood and West Fraser Babine Interests.

10. **[CONFIDENTIAL]**

11. West Fraser shall, during the Initial Divestiture Period, within fourteen (14) days following receipt of a written request of the Commissioner or her representative, file a report with the Commissioner describing the progress of the Divestiture process. Notwithstanding the foregoing, West Fraser shall promptly notify the Commissioner in writing of any negotiations with a prospective Purchaser that may, in the reasonable opinion of West Fraser, lead to a sale and shall forthwith forward copies to the Commissioner of any legal agreement(s) it signs with a prospective Purchaser of the Weldwood and West Fraser Babine Interests.

12. The Commissioner may extend the time for effecting a Divestiture by a period that is reasonable in the circumstances if, prior to the expiry of the Initial Divestiture Period, West Fraser has entered into an agreement in principle (including all material terms such as the identity of the parties, purchase price, interest to be sold and closing date, together with a good faith obligation on both parties to negotiate to finalize the sale transaction) with a prospective Purchaser to purchase the Weldwood and West Fraser Babine Interests or the South Line Tenure, as applicable. If a Divestiture has not been implemented within the Initial Divestiture Period, as reasonably extended by the Commissioner pursuant to this paragraph, or as otherwise provided for in paragraph 14 or elsewhere in this Consent Agreement, the provisions of paragraph 13 shall apply in respect of the Divestiture of the Weldwood and West Fraser Babine Interests.

[CONFIDENTIAL]

Trustee Sale

13. Subject to the provisions of this Consent Agreement, if the Divestiture of the Weldwood and West Fraser Babine Interests is not completed within the Initial Divestiture Period, the Commissioner may appoint a Trustee to effect the sale of the Weldwood and West Fraser Babine Interests, pursuant to the provisions of paragraph 5 by the Trustee and on the following terms:

- (a) the Trustee shall execute a confidentiality agreement satisfactory to West Fraser and the Commissioner and shall not communicate any Confidential Information except to the extent reasonably required to effect the Divestiture;
- (b) the Trustee shall have all the powers necessary to effect the Divestiture of the Weldwood and West Fraser Babine Interests, and will use all reasonable commercial efforts to realize such Divestiture within the Trustee Divestiture Period; provided that the Trustee shall have no powers with respect to the management, operation or maintenance of the business or assets of BFPC or the Mills;
- (c) within such time prior to the expiry of the Initial Divestiture Period as the Trustee shall request, such period not to exceed thirty (30) days, the Respondents shall provide the Trustee with full and complete access to all information contained in books and records relating to the Weldwood and West Fraser Babine Interests, BFPC, the Mills and the Associated Tenures[**CONFIDENTIAL**] and, on five (5) days advance written notice to West Fraser, access to each of the Mills and to those personnel of the Respondents employed in connection with, or who have a direct responsibility for, either of the Mills on terms that will ensure the Trustee's compliance with normal safety and other rules applicable to Mill visitors;
- (d) the Divestiture by the Trustee shall be carried out in accordance with the provisions of this Consent Agreement;
- (e) if, prior to the expiry of the Trustee Divestiture Period, the Trustee has entered into an agreement in principle (including all material terms such as the identity of the parties, purchase price, interest to be sold and closing date, together with a good faith obligation on both parties to negotiate to finalize the sale transaction) with a prospective Purchaser to purchase the Weldwood and West Fraser Babine Interests, the Trustee Divestiture Period may be extended by the Commissioner by a period that is reasonable in the circumstances, within which time the Divestiture must be implemented;
- (f) the Trustee shall implement the Divestiture at the price and on the terms and conditions most favourable to West Fraser then reasonably available in the opinion of the Trustee. No minimum price shall apply to the sale of the Weldwood and West Fraser Babine Interests;
- (g) West Fraser and Weldwood will use commercially reasonable efforts to assist the Trustee in realizing the Divestiture and shall execute any document and take such further actions as may be reasonably required by the Trustee in connection with the Divestiture [**CONFIDENTIAL**];

- (h) the Trustee shall have the full power and authority to retain, on usual and reasonable commercial terms, financial, legal and other professional advisors, including investment bankers, who may be reasonably necessary or advisable in advising and assisting the Trustee in implementing the Divestiture;
- (i) following the Trustee's appointment, the Trustee shall provide to both West Fraser and the Commissioner every thirty (30) days a report satisfactory to the Commissioner containing reasonable detail on the steps being taken by the Trustee to effect the Divestiture, including, but not limited to, the identity and status of negotiations with prospective Purchasers and including copies of all confidentiality and other agreements entered into by such prospective Purchasers. Either the Commissioner or West Fraser may request additional information from the Trustee regarding the status of the Divestiture, and the Trustee shall respond within ten (10) days following receipt of such request;
- (j) notwithstanding paragraph 13(i) above, the Trustee shall promptly notify West Fraser and the Commissioner of the commencement of any negotiations undertaken with a potential Purchaser;
- (k) all direct fees and expenses reasonably and properly incurred by the Trustee in connection with the Trustee's performance of its obligations under this Consent Agreement shall be paid for by West Fraser out of the proceeds of the Divestiture;
- (l) the net proceeds of a sale by the Trustee shall be paid to West Fraser or as West Fraser may direct;
- (m) West Fraser shall hold the Trustee harmless against any unpaid fees, losses, claims, damages or liabilities arising out of, or in connection with, the performance of the Trustee's duties under this Consent Agreement except to the extent that such liabilities, damages or claims result from the Trustee's malfeasance, gross negligence, bad faith or breach of this Consent Agreement; and
- (n) if either West Fraser or the Commissioner concludes that the Trustee appointed pursuant to this Consent Agreement has ceased to act or failed to act diligently or otherwise in accordance with this Consent Agreement, the Commissioner may appoint a replacement Trustee.

Extension of Time

14. Notwithstanding any other provision of this Consent Agreement, if, in the opinion of the Commissioner, either West Fraser or the Trustee, as the case may be, is using all reasonable commercial efforts to complete any Divestiture as provided for herein, the Commissioner may, in her sole discretion, extend any of the time periods applicable to the Divestiture as set out herein.

Maintenance of Assets Pending Divestiture

15. Subject to the provisions of this Consent Agreement and any applicable federal and provincial laws and regulations, from the date of this Consent Agreement to the Divestiture of the Weldwood and West Fraser Babine Interests, West Fraser shall not take any action or cause or permit any Affiliate or any other Person to take any action that may materially adversely affect the Mills, the Associated Tenures or any part thereof so as to inhibit or delay any Divestiture as provided for in this Consent Agreement. **[CONFIDENTIAL]**.

16. Until the completion of the Divestiture of the Weldwood and West Fraser Babine Interests, West Fraser shall, with respect to the Mills:

(a) take such steps as are reasonably necessary to maintain the competitive viability of the Mills and shall not, without the prior written consent of the Commissioner, dispose of any material assets of, or related to, the Mills, other than inventory in the ordinary course of business;

(b) provide such physical mill maintenance, sales, managerial, administrative, operational and financial support as reasonably necessary in the ordinary course of business to promote the continued effective operation of the Mills in accordance with the standards applicable prior to the closing of the Transaction. Without limiting the generality of the foregoing operational and financial support includes the renewal of any material contracts pending the Divestiture(s);

(c) not, without the prior written consent of the Commissioner, enter into or terminate any material contract or arrangement with respect to the Burns Lake Mill (other than pursuant to a material breach by the other party or parties thereto entitling BFPC or DLFPL, as the case may be, to terminate a material contract in accordance with its terms, and only then with prior written notice to the Commissioner), make any material change to the operations of the Burns Lake Mill other than as contemplated herein, or terminate any current employment, salary or benefit agreements for any key management employees (being those employees described in Confidential Schedule "G") and, without limiting the generality of the foregoing, West Fraser will cause BFPC and DLFPL to perform their obligations under contracts with lumber re-manufacturers in accordance with their terms; and

(d) ensure that log purchasing for the Mills is independent from log purchasing for West Fraser's other operations.

17. **[CONFIDENTIAL]**

Inspection and Monitoring

18. In the event that the Commissioner has reason to believe, acting in good faith, that information relevant to [CONFIDENTIAL] determining or securing the Respondent's compliance with its commitments under this Consent Agreement is located therein or possessed thereby, the Respondent's shall allow any duly authorized representative of the Commissioner, upon written notice to counsel for the Respondents:

- (a) upon seven (7) days' notice, to access without restraint or interference from the Respondents, during office hours and in the presence of counsel to the Respondents, to inspect any of its Canadian facilities and to inspect, produce and copy all books, ledgers, accounts, correspondence, memoranda, and other records in the possession or under the control of the Respondents, in either case relating to any matters contained in this Consent Agreement, excluding records that are subject to solicitor-client or other legal privilege and the Respondents will preserve and maintain such records for a period of not less than five (5) years from the date of this Consent Agreement, unless the Commissioner otherwise consents;
- (b) upon fourteen (14) days' notice and without restraint or interference from the Respondents, to interview [CONFIDENTIAL] any officers, directors, or employees of the Respondents or their affiliates, who may have counsel to Respondents present, relating to any matters contained in this Consent Agreement but excluding any matters that are subject to solicitor-client or other legal privilege;
- (c) [CONFIDENTIAL]; and
- (d) [CONFIDENTIAL].

Approval of Divestiture

19. Except as otherwise provided in this Consent Agreement, a Divestiture shall be subject to the prior written approval of the Commissioner. The Commissioner's approval shall be sought pursuant to the procedure set out in this Consent Agreement, and, with respect to the Weldwood and West Fraser Babine Interest, based on the assessment criteria outlined in paragraph 5 of this Consent Agreement. The Commissioner shall also take into consideration in connection with her approval of a proposed Divestiture the effect of such Divestiture on competition. [CONFIDENTIAL]

20. Subject to the prior written consent of the Commissioner, and at the request of a prospective Purchaser, the Respondents may enter into post-Divestiture arrangements with the Purchaser provided that such arrangements do not permit the Respondents to influence or control, directly or indirectly, the operations or the business (or any part thereof) of the Mills or the South Line Tenure after the Divestiture. Notwithstanding the foregoing, the Respondents may require, as a condition of the Divestiture of the Weldwood and West Fraser Babine Interests, that any or all of the Purchaser, Babine Limited or DLFPL enter into an agreement [CONFIDENTIAL] with respect to the purchase by West Fraser of wood chips produced at the Mills provided that such agreement does not permit the Respondents to influence or control directly or indirectly, the operations or the business (or any part thereof) of the Mills.

21. West Fraser or the Trustee, as the case may be, may request that the Commissioner review a prospective Purchaser of the Weldwood and West Fraser Babine Interests. The Commissioner shall, within ten (10) days following the date of request, communicate to West Fraser or the Trustee, as the case may be, any objection to a proposed Purchaser provided that a failure to provide such objection does not prejudice the Commissioner's right to object to such proposed Purchaser following notification pursuant to the provisions of this Consent Agreement.

22. West Fraser or the Trustee, as the case may be, shall give notice to the Commissioner (the "Divestiture Notice") (and in the case of a proposed Divestiture by the Trustee, the Trustee shall concurrently give a Divestiture Notice to West Fraser) of the execution by a Purchaser of any agreement in principle (as identified in paragraph 12 above), in relation to a proposed Divestiture. The Divestiture Notice will set out the particulars of the proposed Divestiture in reasonable detail.

23. Within fourteen (14) days following receipt of the Divestiture Notice, the Commissioner and, in the case of a Divestiture Notice given by the Trustee, West Fraser, may request further information and particulars regarding the Divestiture and West Fraser, or the Trustee, as the case may be, shall provide such further information and particulars within fourteen (14) days following receipt of such request, or such longer period as the Commissioner agrees to in writing.

24. Within fourteen (14) days following receipt of the Divestiture Notice or, where the Commissioner or West Fraser requests additional information pursuant to paragraph 23, within thirty (30) days following receipt of the additional information, the Commissioner shall notify West Fraser and, in the case of a sale by the Trustee, the Commissioner or West Fraser shall notify the Trustee of any objection to the Divestiture.

25. West Fraser may object to a Divestiture proposed by the Trustee within fourteen (14) days following receipt of the Divestiture Notice solely on the basis that the Trustee has materially failed to fulfil any of its obligations set out in paragraph 13 of this Consent Agreement.

26. Where neither the Commissioner nor West Fraser objects within the time specified in paragraphs 24 or 25 respectively, and where the criteria outlined in this Consent Agreement are met, the Divestiture may proceed subject to the provisions of Part IX of the Act, if applicable.

27. Where the Commissioner objects to the proposed Divestiture, or where West Fraser, pursuant to paragraph 25, objects to the proposed Divestiture, the proposed Divestiture may only proceed with the approval of the Tribunal.

28. Where the Divestiture is able to proceed in accordance with this Consent Agreement, West Fraser, or in the case of a Trustee Divestiture, the Trustee, shall, within fourteen (14) days following the completion of the Divestiture, notify the Tribunal in writing that the Divestiture has taken place.

29. Notwithstanding any term of this Consent Agreement, nothing in this Consent Agreement shall be construed to abrogate the notification obligations set out in Part IX of the Act.

Confidentiality of Sale Periods

30. The sale periods described in Confidential Schedules “E” and “F” to this Consent Agreement shall not be disclosed by the parties or the Trustee to a prospective Purchaser unless, in the opinion of the Trustee, such disclosure is necessary to effect a Divestiture within the periods prescribed by this Consent Agreement, and only if the Trustee has: (i) first obtained from such prospective Purchaser an agreement to maintain the confidentiality of such information; and (ii) extensions of time have been sought from the Commissioner pursuant to paragraph 14 by the Trustee prior to disclosure.

General

31. Whenever a provision of this Consent Agreement requires an approval, consent or action of the Commissioner, West Fraser or the Trustee, such approval, consent or action shall be, unless otherwise expressly stated herein, not unreasonably withheld or delayed, and words such as “consent” or “approval” or any action of a party indicated by the words “may” or “shall” shall be read together with the words “acting reasonably” immediately thereafter.

32. The Respondents and the Commissioner may agree to amend this Consent Agreement in any manner pursuant to subsection 106(1) of the Act or otherwise pursuant to this Consent Agreement.

33. The Commissioner and the Respondents may agree to extend or abridge any of the time periods for the doing of any thing specified in this Consent Agreement.

34. If the Commissioner's approval is sought pursuant to this Consent Agreement and such approval is not granted, West Fraser may apply to the Tribunal for approval. In the event of a dispute as to the interpretation or application of this Consent Agreement, the Commissioner, the Trustee or West Fraser shall be at liberty to apply to the Tribunal for an order interpreting any of the provisions of this Consent Agreement so as to give effect to the specific terms and intent of this Consent Agreement. **[CONFIDENTIAL]**

35. West Fraser shall provide a copy of this Consent Agreement to its directors and to the directors and officers of any Affiliate of West Fraser having a direct or indirect interest in either of the Mills.

36. Notices, requests and other communications required or permitted pursuant to this Consent Agreement shall be in writing and shall be delivered by registered mail, courier or facsimile transmission to the persons set out in Schedule “I” to this Consent Agreement and shall be deemed to be received upon delivery or, in the case of facsimile transmission, on the next business day following transmission.

37. This Consent Agreement shall remain in effect until the Commissioner notifies the Tribunal in writing that the last of its requirements is fulfilled.

38. The confidential version of this Consent Agreement shall be made public once the last of the requirements of the Consent Agreement is fulfilled.

39. This Consent Agreement constitutes the entire agreement between the Commissioner and the Respondents with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral.

40. In the event that the Transaction is not implemented for any reason, this Consent Agreement shall be null and void *ab initio*.

41. This Consent Agreement may be executed in counterpart and by facsimile and each such counterpart shall constitute an original and all of which taken together shall constitute one and the same instrument, dated as of the date set forth below.

Commissioner of Competition

By: _____ DATED this ____ day of December, 2004.
Sheridan Scott

West Fraser Timber Co. Ltd.

By: _____ DATED this ____ day of December, 2004.
Henry H. Ketcham III

Chairman, President and Chief Executive Officer

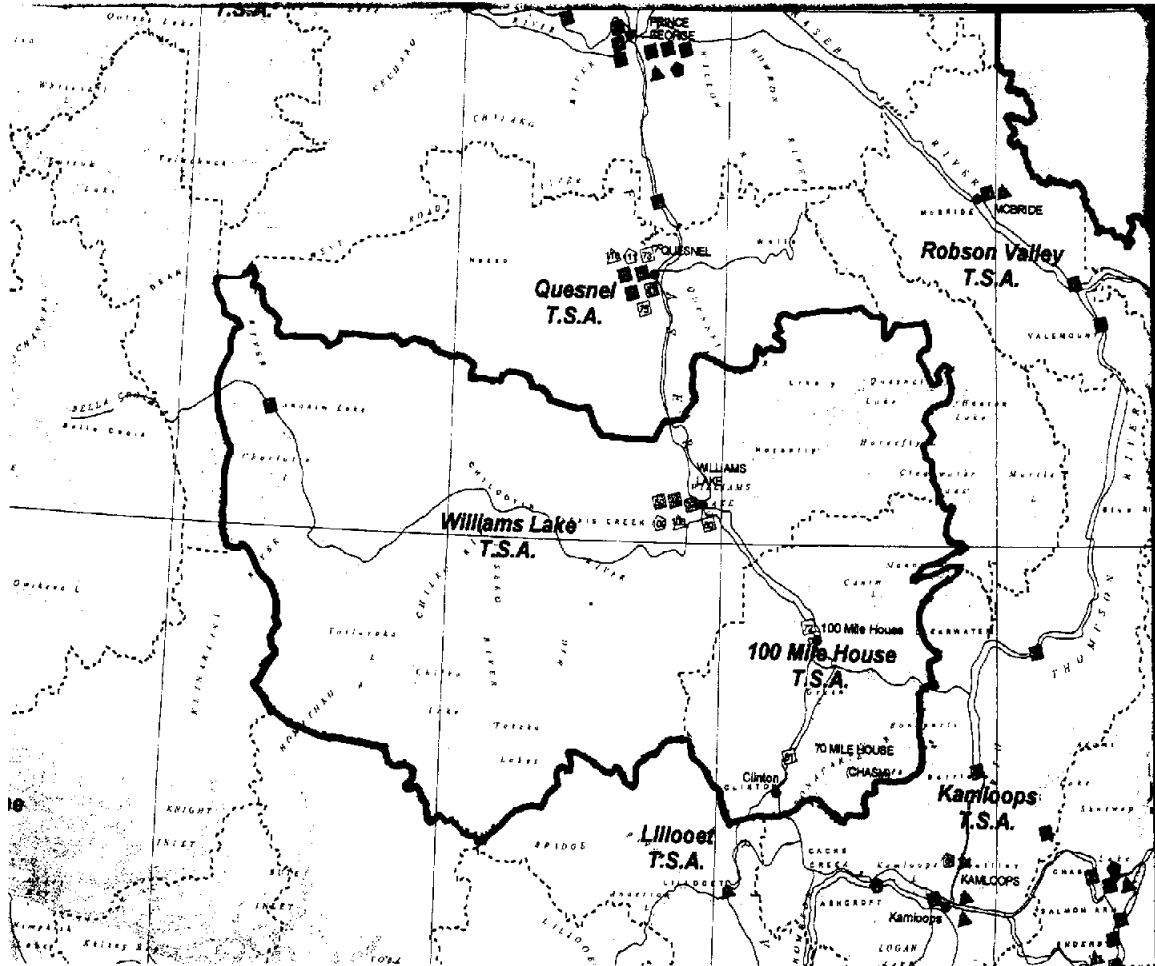
West Fraser Mills Ltd.

By: _____ DATED this ____ day of December, 2004.
Henry H. Ketcham III

Chairman, President and Chief Executive Officer

Schedule "B"

Map of Cariboo Area



Schedule "C"

Associated Tenure

Forest Licence A16823

Forest Licence A16825

Confidential Schedule "D"

Weldwood and West Fraser Babine Interests

[CONFIDENTIAL]

Confidential Schedule “E”

Initial Divestiture Period

[CONFIDENTIAL]

Confidential Schedule “F”

Trustee Divestiture Period

[CONFIDENTIAL]

**Confidential Schedule “G”
Key Management Employees**

[CONFIDENTIAL].

Confidential Schedule "H"

South Line Tenure

[CONFIDENTIAL]

Schedule "I"**Notices****(A) To the Commissioner:**

Senior Deputy Commissioner of Competition (Mergers Branch)
Competition Bureau, Industry Canada
Place du Portage, Phase I, 50 Victoria Street
Gatineau, Quebec K1A 0C9

Telephone: (819) 994-1863
Facsimile: (819) 994-0998

With a copy to

Director, Competition Law Division
Department of Justice Canada
Competition Bureau, Industry Canada
Place du Portage, Phase I, 50 Victoria Street
Gatineau, Quebec K1A 0C9

Telephone: (819) 997-3325
Facsimile: (819) 953-9267

(B) To West Fraser Timber Co. Ltd. and West Fraser Mills Ltd.:

West Fraser Mills Ltd.
1000 – 1100 Melville Street
Vancouver, B.C.
V6E 4A6

Attention: Martti Solin, Chief Financial Officer

Telephone: (604) 895-2713
Facsimile: (604) 682-2962

With a copy to:

Lang Michener LLP
1500 – 1055 West Georgia Street
Vancouver, B.C.
V6E 4N7

Attention: Larry S. Hughes

Telephone: (604) 691-7429
Facsimile: (604) 893-2365

SCHEDULE "J"
COMPETITION TRIBUNAL

IN THE MATTER OF the *Competition Act*, R.S.C. 1985 c. C-34, as amended;

AND IN THE MATTER OF the acquisition of Weldwood of Canada Limited by West Fraser Timber Co. Ltd.;

AND IN THE MATTER OF the filing and registration of a consent agreement pursuant to section 105 of the *Competition Act*;

BETWEEN:

THE COMMISSIONER OF COMPETITION

Applicant

- and -

WEST FRASER TIMBER CO. LTD.
and WEST FRASER MILLS LTD.

Respondents

CONSENT

THE PARTIES hereby irrevocably consent to the registration of a Consent Agreement pursuant to section 105 of the *Competition Act*, R.S.C. 1985, c. C-34, as amended, in the form to which this Schedule "J" is attached.

Commissioner of Competition

By: _____
Sheridan Scott
Commissioner of Competition

Dated at Gatineau, Quebec
this ____ day of December, 2004.

Competition Bureau, Industry Canada
Place du Portage, Phase I, 50 Victoria Street
Gatineau, Quebec K1A 0C9

Telephone: (819) 997-5300
Facsimile: (819) 953-5013

West Fraser Timber Co. Ltd. and West Fraser Mills Ltd.

By: _____
Henry H. Ketcham III
Chairman, President and Chief Executive Officer

Dated at Vancouver, British
Columbia this ____ day of
December, 2004.

1000 – 1100 Melville Street
Vancouver, B.C.
V6E 4A6
Telephone: (604) 895-2713
Facsimile: (604) 682-2962

CT -

BETWEEN

THE COMMISSIONER OF COMPETITION

Applicant

- and --

WEST FRASER TIMBER CO. LTD.

and

WEST FRASER MILLS LTD.

Respondents

CONSENT AGREEMENT

Counsel for the Commissioner of Competition

Duane E. Schippers
Melanie L. Aitken
Pamela Owen-Lafrance
Adam Newman

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