



TIMBERWEST FOREST CORP.

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING
AND
INFORMATION CIRCULAR**

March 30, 2009

IMPORTANT INFORMATION FOR UNITHOLDERS

TABLE OF CONTENTS

Notice of Annual General and Special Meeting	2
Information Circular	4
Solicitation of Proxies	4
Proxies	4
Persons Making the Solicitation	5
Stapled Units and Principal Holders Thereof	5
Information for Beneficial Holders of Stapled Units.....	6
Matters to be Acted Upon.....	7
Particulars of Other Matters to be Acted Upon	10
Statement of Corporate Governance Practices	14
Executive Compensation	20
Director Compensation.....	34
Securities Authorized for Issuance Under Equity Compensation Plans	37
Interest of Certain Persons in Matters to be Acted Upon	39
Interest of Informed Persons in Material Transactions.....	39
Indebtedness of Directors and Executive Officers.....	39
Additional Information.....	39
Approval of the Board	40
SCHEDULE A AND ANNEX 1	A1
SCHEDULE B	B1



TIMBERWEST FOREST CORP.

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

TO BE HELD ON MAY 6, 2009

TO THE UNITHOLDERS:

The Annual General and Special Meeting (the “Meeting”) of the holders (the “Unitholders”) of Stapled Units of TimberWest Forest Corp. (the “Company”), in their capacity as holders of common shares without par value of the Company (“common shares”) and holders of preferred shares with a par value of \$0.024456 each of the Company (“preferred shares”), will be held at the Metropolitan Hotel, 645 Howe Street, Vancouver, British Columbia, Canada on Wednesday, May 6, 2009, at 2:00 pm (Vancouver time) for the following purposes:

1. To receive the report of the directors to the Unitholders.
2. To receive the consolidated financial statements of the Company for the financial year ended December 31, 2008, and the report of the auditors thereon.
3. To elect the directors of the Company for the ensuing year.
4. To appoint KPMG LLP as auditors of the Company for the ensuing year.
5. To authorize the directors to fix the remuneration to be paid to the auditors for the ensuing year.
6. To consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution of the holders of common shares and a special separate resolution of the holders of preferred shares authorizing amendments to the Articles of the Company to provide for (i) the automatic conversion of all issued and outstanding preferred shares into common shares and (ii) the consolidation of the issued and outstanding common shares after giving effect to such conversion based on a ratio that will result in the number of common shares issued and outstanding immediately after such consolidation being equal to the number of common shares issued and outstanding immediately prior to the conversion of the preferred shares.
7. To consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution authorizing (i) the issuance by the Company of additional 9% convertible debentures as payment-in-kind of interest in respect of four quarterly interest payments on the Company’s outstanding 9% convertible debentures and (ii) the issuance by the Company of the Stapled Units issuable upon the conversion of such additional convertible debentures. **As described further in the accompanying Information Circular, the Company currently intends to pay interest on its convertible debentures in cash for the foreseeable future and is seeking Unitholder approval for the issuance of such additional convertible debentures (and of the underlying Stapled Units) solely to comply with its existing contractual obligations.**
8. To transact such other business as may properly come before the Meeting.

The consolidated financial statements of the Company for the financial year ended December 31, 2008, and the auditors’ report thereon, which will be presented at the Meeting, are contained in the 2008 Annual Report accompanying this Notice.

The names of the persons proposed to be nominated for election as directors of the Company are set out in the Information Circular that follows. The directors of the Company have fixed March 30, 2009 as the record date for determining Unitholders entitled to receive notice of and to vote at the Meeting. Registered Unitholders who are unable to be present in person at the Meeting are requested to date, execute and return the accompanying form of proxy to TimberWest Forest Corp., c/o Valiant Trust Company, P.O. Box 6510 Stn. Terminal, Vancouver, British Columbia, V6B 4B5, not later than 48 hours before the time of the Meeting or any adjournment thereof. A self-addressed postage paid envelope is enclosed.

All non-registered Unitholders who receive these materials through a broker or other intermediary should complete and return the materials in accordance with instructions or follow the procedures provided to them by such broker or intermediary in order to have their units voted.

DATED as of the 30th day of March 2009.

BY ORDER OF THE BOARD OF DIRECTORS

Brenda G. Blue
Secretary



TimberWest

TIMBERWEST FOREST CORP.

INFORMATION CIRCULAR

AS AT MARCH 30, 2009

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by or on behalf of the management of **TIMBERWEST FOREST CORP.** (the “Company”) for use at the Annual General and Special Meeting (the “Meeting”) of the holders (“Unitholders”) of Stapled Units of the Company to be held on Wednesday, May 6, 2009, at the time and place and for the purposes set forth in the accompanying Notice of Annual General and Special Meeting (the “Notice”). In this Information Circular, “Board of Directors” and “Board” refers to the board of directors of the Company.

PROXIES

Deposit of Proxy

In order to be valid and effective, a completed proxy must be delivered to the Company, c/o Valiant Trust Company, P.O. Box 6510 Stn. Terminal, Vancouver, British Columbia, V6B 4B5, not later than 48 hours before the time of the Meeting or any adjournment thereof. A self-addressed postage paid envelope is enclosed.

Revocation of Proxies

A Unitholder who has given a proxy may revoke it by (a) signing a proxy bearing a later date and depositing it as provided under ‘Deposit of Proxy’, (b) signing and dating a written notice of revocation (in the same manner as the enclosed form of proxy is required to be executed, as set out under ‘Validity of Proxy’, and delivering such notice either to the head office of the Company, P.O. Box 11101, Suite 2300 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3, Attention: Brenda G. Blue, or to the registered office of the Company at P.O. Box 10424 Pacific Centre, suite 1300 – 777 Dunsmuir Street, Vancouver, British Columbia, V7Y 1K2, Attention: R. Balfour, at any time up to and including the last business day preceding the day of the Meeting or to the Chairman of the Meeting on the day of the Meeting or (c) attending the Meeting in person and registering with the scrutineer thereat as a Unitholder present in person and signing and dating a written notice of revocation. Such revocation will have effect only in respect of those matters upon which a vote has not already been cast pursuant to the authority conferred by the proxy.

Voting of Shares Represented by Proxy

The individuals named as management’s proxy nominees in the form of proxy enclosed with this Information Circular are currently directors or officers of the Company. On any ballot or poll or voting otherwise, the common shares and, where applicable, the preferred shares comprising part of the Stapled Units represented by a proxy in this form will be voted for or against or withheld from voting in accordance with the instructions of the Unitholder as specified in the proxy with respect to any matter to be acted on. **If a choice is not so specified with respect to any such matter, the common shares and, where applicable, the preferred shares comprising part of the Stapled Units represented by a proxy given to the individuals named as proxy nominees in the enclosed form of proxy will be voted in favour of such matter. A Unitholder has the right to appoint a person (who need not be a Unitholder) other than the individuals named in the enclosed form of proxy to attend and act for the Unitholder and on the Unitholder’s behalf at the Meeting and may exercise such right by inserting the name and address of the desired proxy nominee in the blank space provided in the form of proxy. In this case, if a voting choice is not so specified on such a proxy, the proxy nominee so named shall be entitled to vote the common shares and, where applicable, the preferred shares represented by such proxy as that person sees fit.**

A proxy in the form enclosed will confer discretionary authority upon the proxy nominee named therein with respect to amendments and variations to the matters identified in the accompanying Notice and any other matter that may properly be brought before the Meeting. As of the date hereof, management of the Company is not aware of any such amendments, variations or other matters to be presented for consideration at the Meeting.

Validity of Proxy

A proxy will not be valid unless it is dated and signed by the Unitholder or by the Unitholder's attorney duly authorized in writing. In the case of a Unitholder that is a corporation, a proxy will not be valid unless it is executed under its seal, or by a duly authorized officer or agent of, or attorney for, such corporate Unitholder. If a proxy is executed by an attorney or agent for an individual Unitholder or joint Unitholders, or by an officer, attorney, agent or other authority for a corporate Unitholder, the instrument empowering the officer, attorney or agent, as the case may be, or a notarial copy thereof, should accompany the proxy or be delivered to the Company.

A vote cast in accordance with the terms of a proxy will be valid notwithstanding the previous death, incapacity or bankruptcy of the Unitholder or intermediary on whose behalf the proxy was given or the revocation of the appointment of the proxy nominee, unless written notice of such death, incapacity, bankruptcy or revocation is received by the Chairman of the Meeting before the commencement thereof.

PERSONS MAKING THE SOLICITATION

This information circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Company. The cost of the solicitation has been and will be borne by the Company. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone or other means of communication by directors and regular employees of the Company without special compensation. In addition, the Company may retain the services of agents to solicit proxies on behalf of management of the Company. In that event, the Company will compensate any such agent for such services, including reimbursement for reasonable out-of-pocket expenses, and will indemnify them in respect of certain liabilities that may be incurred by them in performing their services.

STAPLED UNITS AND PRINCIPAL HOLDERS THEREOF

Each Stapled Unit of the Company consists of one common share of the Company, 100 preferred shares of the Company and a Subordinate Note Receipt representing approximately \$8.98 face amount of Series A Subordinate Notes of the Company ("Series A Notes"). The common share, 100 preferred shares and Series A Subordinate Note Receipt trade together as a Stapled Unit on the Toronto Stock Exchange under the symbol "TWF.UN".

As a holder of one common share comprising a part of each Stapled Unit, each Unitholder is entitled to receive notice of and to attend all meetings of shareholders of the Company and to one vote for each such common share at such meetings. In addition, as a holder of 100 preferred shares comprising a part of each Stapled Unit, each Unitholder is entitled to vote on any matter in respect of which the approval of the holders of preferred shares is required under the *Business Corporations Act* (British Columbia).

As at March 30, 2009, there were 77,765,440 Stapled Units issued and outstanding, each of which includes one common share, which carries the right to one vote at the Meeting. The quorum for the Meeting is two persons present at the Meeting and representing in person or by proxy common shares or, where applicable, preferred shares carrying not less than 10% of the votes eligible to be cast at the Meeting.

In addition to constituting an annual general and special meeting of Unitholders in their capacity as holders of common shares, the Meeting will be deemed to constitute a class meeting of the Unitholders in their capacity as holders of preferred shares for the purpose of considering a special separate resolution of the holders of preferred shares approving the conversion of the preferred shares into common shares described below under the heading "Particulars of Other Matters to be Acted Upon – Amendments to Articles Providing for Conversion of Preferred Shares into Common Shares and Related Consolidation of Common Shares".

Only persons registered as Unitholders on the books of the Company as of the close of business on March 30, 2009 (the "Record Date") are entitled to receive notice of and to attend and vote at the Meeting.

To the knowledge of the directors and senior officers of the Company, as at March 30, 2009, no one person beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Stapled Units, and the only registered shareholder holding more than 10% of the outstanding Stapled Units is The Canadian Depository for Securities Limited.

As at March 30, 2009, the directors and senior officers of the Company and its subsidiaries, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, less than 1% of the issued and outstanding Stapled Units.

INFORMATION FOR BENEFICIAL HOLDERS OF STAPLED UNITS

The information set forth in this section is of significant importance to any Unitholders of the Company who do not hold Stapled Units which are registered on the records of the Company in the Unitholders' own name. Unitholders who do not hold their Stapled Units in their own name (referred to in this Information Circular as "Beneficial Unitholders") should note that only registered holders of Stapled Units may attend and vote in person at the Meeting or deposit proxies for use at the Meeting. Beneficial Unitholders will not be recognized at the Meeting for the purpose of voting the common shares and preferred shares constituting part of the Stapled Units in person unless appointed by the broker, bank or intermediary as a proxy nominee.

If Stapled Units are listed in an account statement provided to a Unitholder by a brokerage firm, bank or other intermediary, then in almost all cases those Stapled Units will not be registered in the name of the Beneficial Unitholder, the broker, the bank or other intermediary. In Canada, the vast majority of such Stapled Units are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited), which acts as nominee for many Canadian brokerage firms, banks and other intermediaries. Brokers, banks, other intermediaries and their nominees can only deposit a proxy upon the instructions of the Beneficial Unitholder. Without specific instructions, brokers, banks, other intermediaries and their nominees are prohibited from voting the common shares or preferred shares constituting part of the Stapled Units on behalf of their clients.

The Company has not sent any proxy-related materials that solicit votes or voting instructions DIRECTLY to any Beneficial Unitholders. Applicable regulatory policy requires brokers, banks and intermediaries to seek voting instructions from Beneficial Unitholders in advance of Unitholders' meetings. Every broker, bank and intermediary has its own procedures to seek such voting instructions. These should be carefully followed by Beneficial Unitholders in order to ensure that their common shares and preferred shares constituting part of the Stapled Units are voted at the Meeting. The majority of brokers in Canada have delegated responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge prepares a separate "voting instruction" form, mails those forms to the Beneficial Unitholders and asks Beneficial Unitholders to return the voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares and preferred shares contained within the Stapled Units to be represented at the Meeting. A Beneficial Unitholder receiving a voting instruction form cannot deposit on the Meeting Date that form to vote common shares and preferred shares contained within the Stapled Units at the Meeting. The form must be returned to Broadridge in advance of the Meeting in order to allow the common shares and preferred shares contained within the Stapled Units to be voted by the named proxy nominee at the Meeting.

IF YOU ARE A BENEFICIAL UNITHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT IN SUFFICIENT TIME IN ADVANCE OF THE MEETING TO DETERMINE AND FOLLOW THE PROCEDURES OF THE RELEVANT INTERMEDIARY FOR APPOINTING YOU AS PROXY IN RESPECT OF YOUR UNITS SO THAT YOU CAN VOTE THEM IN PERSON AT THE MEETING.

MATTERS TO BE ACTED UPON

Report of the Directors to the Unitholders

The report of the directors to the Unitholders is included in the 2008 Annual Report, which has been mailed to Unitholders with this Information Circular and is also filed on SEDAR at <http://www.sedar.com>.

Consolidated Financial Statements

The consolidated financial statements for the year ended December 31, 2008, are included in the 2008 Annual Report, which has been mailed to Unitholders with this Circular and is also filed on SEDAR at <http://www.sedar.com>.

Election of Directors

The directors of the Company are elected each year at the annual meeting of the Company and hold office until their successors are elected or appointed, or until he or she sooner ceases to hold office.

Nominees

The Board of Directors has determined pursuant to the Articles of the Company that the number of directors to be elected at the Meeting shall be eight (8).

The following pages set out the name of each of the eight persons nominated for election as directors. Eight of the nominees are presently directors of the Company. **Management of the Company proposes to nominate each of the persons listed below for election as a director of the Company and the persons named in the enclosed form of proxy intend to vote for the election of these nominees.** The position and office with the Company presently held by each such person, their present principal occupation or employment, the year in which they were first elected or appointed as a director, other principal directorships held by them, their committee memberships and the number of Stapled Units that they have advised are beneficially owned, or over which control or direction is exercised, by them at the date of this Information Circular is set forth below:



V. Edward Daughney, 68, of Vancouver, British Columbia, has served on the board since 1997. Mr. Daughney has been Principal and Chairman of Echelon Home Products since 1989. This company distributes major appliances in Western Canada and the US Pacific Northwest. Prior to 2000, Mr. Daughney was Principal and President of Merit Kitchens, past Chairman of the Export Development Corporation and past President of First City Trust. Mr. Daughney has also served as a director of a number of Canadian companies. He is a Chartered Accountant with extensive experience in financial roles.

Chairman of the Board of Directors
Member of the Environment, Health and Safety Committee
Member of the Governance and Human Resources Committee
11,993 Stapled Units
97,101 Options, all eligible for Distribution Equivalent Awards
\$57,500 aggregate principal amount of Convertible Debentures (convertible into 16,428 Stapled Units)⁽¹⁾



The Honourable David Emerson, P.C., 63, of Vancouver, British Columbia joined the Board in January 2009.

Nationally Mr. Emerson has held senior positions that include Minister of Foreign Affairs, Minister of Industry, Minister of International Trade and Minister for Pacific Gateway and Vancouver – Whistler Olympics. In British Columbia he was the Province's Deputy Minister of Finance, Deputy Minister to the Premier and later President of the British Columbia Trade Development Corporation. He has also served in leadership roles in the private sector, including as President and CEO of Canfor Corporation, the first President and CEO of the Vancouver International Airport Authority and Chairman and CEO of Canadian Western Bank.

34,261 Options, all eligible for Distribution Equivalent Awards

Mr. Emerson has been deeply involved in the national public

policy agenda, including economic policy, globalization and trade policy, transportation and logistics. In the private sector, he has undertaken the development of competitive global value chains and has been involved in strategically motivated financial restructurings, project financing and public/private partnership initiatives. Mr. Emerson currently is a director of Finning International Inc., Executive Chair of British Columbia Transmission Corporation and Chair, BC Premier's Economic Advisory Council. Mr. Emerson is currently a Senior Advisor at Farris, Vaughan, Wills & Murphy LLP.



Robert J. Holmes, 64, of Bellevue, Washington, United States, has served on the board since April 2007. Mr. Holmes is the founder and manager of THG, LLC, (The Holmes Group), a real estate advisory firm. Mr. Holmes served as President and CEO of Harbor Properties, Inc. and as President and Manager of Harbor Mountain Company from 1994 to 2005. In the decade before he joined Harbor Properties, Mr. Holmes was President, CEO and then Chairman of Intrawest USA. He currently serves as a director or advisor to the University of Washington's certificate program in commercial real estate and the Bellevue Chamber of Commerce.

Member of the Environment, Health and Safety Committee
Member of the Governance and Human Resources Committee
46,261 Options, all eligible for Distribution Equivalent Awards



Maureen E. Howe, 51, of Vancouver, British Columbia, joined the Board in March 2009. Ms. Howe has extensive experience in corporate finance and the capital markets sector, most recently as Managing Director-Equity Research, Energy Infrastructure with RBC Capital Markets. Ms. Howe was previously Treasurer of BC Gas Inc. She was Adjunct Professor in Finance at the University of British Columbia and has lectured in finance at both UBC and the University of Manitoba. Ms. Howe is a member of a number of associations, including the Board of UBC Investment Management Trust Inc., the Board of the Canadian Securities Institute Foundation, the UBC Dean of Commerce Advisory Board and Chairperson of Phillips, Hager & North Centre for Financial Research.

34,261 Options, all eligible for Distribution Equivalent Awards



Paul J. McElligott, 55, President and Chief Executive Officer, of North Vancouver, British Columbia, joined the senior management of TimberWest Forest Corp. in January 2001. A director of TimberWest since 1997, Mr. McElligott had been President and CEO of British Columbia's BC Rail Group of Companies since 1989. Mr. McElligott has extensive experience in BC's real estate, rail transportation and deep-sea port terminal sectors. Prior to joining BC Rail, he had been President of Voyageur Enterprises Ltd., a wholly owned subsidiary of Montreal based the CSL Group. Mr. McElligott currently serves as a governor of the BC Business Council, a director of the Coast Forest Products Association and is a former director of the Board of Trade and World Forestry Center.

55,968 Stapled Units
651,955 Options, all eligible for Distribution Equivalent Awards
\$127,300 aggregate principal amount of Convertible Debentures (convertible into 36,371 Stapled Units)⁽¹⁾



Robert W. Murdoch, 66, of Salt Spring Island, British Columbia, has served on the board since 2001. Mr. Murdoch was President and CEO of Lafarge Corporation. He is on the International Advisory Board of Lafarge S.A. Paris. He interrupted his 20-year career with Lafarge to be Executive Assistant to Canadian Prime Minister Pierre Trudeau for five years. Mr. Murdoch currently serves on the boards of Lallmand Inc. and Ritchie Bros. Auctioneers Incorporated. He is currently a governor and past chairman of the Board of Shawnigan Lake School located on Vancouver Island.

Chairman of the Governance and Human Resources Committee
 Member of the Audit Committee
 3,600 Stapled Units
 58,261 Options, all eligible for Distribution Equivalent Awards



Conrad A. Pinette, 69, of Vancouver, British Columbia, has served on the board since 2002. Mr. Pinette's work in the Canadian forest industry began 40 years ago as an owner and President of a family lumber business, Pinette & Therrien Mills Ltd. Mr. Pinette served as Executive Vice President, Tolko Industries Ltd. (2005), Executive Vice President, Riverside Forest Products Limited (2004) and served as President and Chief Operating Officer of Lignum Limited from January 1990 to April 2004. Mr. Pinette is a director of Finning International Inc., a director of A&W Revenue Royalties Income Fund, a director of Northgate Minerals Corporation, a director of Canfor Corporation and a past director of the British Columbia Business Council.

Chairman of the Environment, Health and Safety Committee
 Member of the Audit Committee
 8,165 Stapled Units
 58,261 Options, all eligible for Distribution Equivalent Awards
 \$61,900 aggregate principal amount of Convertible Debentures (convertible into 17,685 Stapled Units)⁽¹⁾



Maria M. Pope, 44, of Portland, Oregon, United States has served on the board since April 2008. Ms. Pope is the Senior Vice President, Finance, Chief Financial Officer and Treasurer of Portland General Electric. Prior to January 1, 2009, Ms. Pope was Vice President, Chief Financial Officer of Mentor Graphics from July 2007. Previously Ms. Pope was with Pope & Talbot as Vice President-General Manager of the company's wood products division and President of the company's Canadian subsidiary from 2003 to 2007. She joined Pope & Talbot in 1995 and was named Vice President, Chief Financial Officer and Corporate Secretary in 1999. Prior to joining Pope & Talbot, Ms. Pope held financial management positions at Levi Strauss & Co. and was a financial analyst in Morgan Stanley's mergers and acquisitions department. Ms. Pope is a board member of Premera Blue Cross, where she serves on the executive committee and audit committee. She was a past board member of Portland General Electric (PGE), where she was on the finance and audit committees. Ms. Pope is a past chair of the Council of Forest Industries and the Oregon Symphony.

Member of the Audit Committee
 40,261 Options, all eligible for Distribution Equivalent Awards

⁽¹⁾ On February 11, 2009, the Company issued 9% extendible convertible debentures of the Company. The convertible debentures are convertible into Stapled Units at the option of the holder at a conversion price of \$3.50 per Stapled Unit.

Each of the nominees named above has consented to act as a director of the Company. In the event the Company is advised prior to the election of directors at the Meeting that any such individual is unable or unwilling to so act, a proxy in the enclosed form of proxy will confer discretionary authority on the proxy nominee so named to vote for the election of such other individuals who may be nominated at the Meeting.

In connection with its recent private placement of convertible debentures to two wholly-owned subsidiaries of British Columbia Investment Management Corporation (the "bcIMC Investors"), the Company has agreed to provide the bcIMC Investors with the right to nominate up to two individuals for election to the Company's board of directors. Mr. Emerson and Ms. Howe are the nominees of the bcIMC Investors for this purpose.

Record of Attendance by Directors for the twelve months ended December 31, 2008

Director	Board Meetings		Committee Meetings	
	Held	Attended	Held	Attended
Clark S. Binkley	24	20 ⁽¹⁾	8	8
William C. Brown	24	24	6	6
V. Edward Daughney	24	24	4	4
Robert J. Holmes	24	24	8	6
Paul J. McElligott	24	24	n/a ⁽²⁾	n/a ⁽²⁾
Robert W. Murdoch	24	21	8	8
Conrad A. Pinette	24	24	8	8
Maria M. Pope	16 ⁽³⁾	15 ⁽³⁾	2 ⁽³⁾	2 ⁽³⁾
Kenneth A. Shields	24	23 ⁽¹⁾	4	4

- (1) Messrs. Binkley and Shields resigned from the Board on December 11, 2008.
- (2) Committees of the Board are composed entirely of outside and unrelated directors. Mr. McElligott does, however, attend Committee meetings.
- (3) Ms. Pope joined the Board in April 2008.

For details in relation to orientation and continuing education for the directors, please see “Statement of Corporate Governance Practices – Orientation and Continuing Education”.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Appointment and Remuneration of Auditors

Management proposes that KPMG LLP, Chartered Accountants (“KPMG”) be reappointed as the auditors of the Company to hold office until the termination of the next annual meeting of the Company. Management further proposes that, as in the past, the remuneration to be paid to the auditors be determined by the Board. Unless otherwise instructed the persons named in the enclosed form of proxy intend to vote for the reappointment of KPMG as the auditors of the Company until the termination of the next annual meeting of the Company at a remuneration to be fixed by the directors of the Company. The passing of the resolution to reappoint KPMG LLP as the auditors of the Company will require a simple majority of votes cast at the Meeting.

Amendments to Articles Providing for Conversion of Preferred Shares into Common Shares and Related Consolidation of Common Shares

Amendment to Preferred Shares; Conversion into Common Shares

At the time of conversion to Stapled Units in 1998, the Company’s Stapled Unit structure was designed to permit the Company to pursue its policy of paying out substantially all of its available cash to Unitholders, which could be effected first by way of interest payments on the Series A Notes, and then by dividends on the common shares or returns of capital by redemptions of the preferred shares. Since that time, all distributions paid on the Stapled Units have been in the form of interest payments on the Series A Notes, and the Company has neither redeemed nor returned capital on the preferred shares nor has it made any other distribution on the preferred shares or common shares included in the Stapled Units. The Company believes that any distributions on the Stapled Units will be made exclusively by way of interest payments on the Series A Note component of the Stapled Units for the foreseeable future.

Accordingly, the Company believes that it is appropriate to reorganize and simplify its capital structure by amending the terms of the preferred shares to provide for their automatic conversion into common shares (the “Conversion”). The Conversion would be effected at a conversion ratio to be determined at the time of the Conversion based on the relative fair market values of the preferred shares and the common shares as determined

by an independent valuator. In addition to simplifying the Company's capital structure, the Conversion will permit the Company and holders of the Company's convertible debentures to avoid having to file certain tax elections in connection with the conversion of the convertible debentures into Stapled Units, thereby eliminating a significant administrative burden for the Company.

Consolidation of Common Shares

The Company proposes to effect a consolidation of the common shares immediately following the Conversion in order to ensure that each Stapled Unit continues to include a single common share in addition to the Series A Note component. Accordingly, it is proposed that the Articles of the Company be amended to provide for the consolidation of the issued and outstanding common shares following the Conversion based on a ratio that will result in the number of common shares issued and outstanding immediately after such consolidation being equal to the number of common shares issued and outstanding immediately prior to the Conversion.

The proposed amendments to the preferred shares, the Conversion and the consolidation of the common shares (together, the "Conversion Proposal") should have no adverse tax consequences to a Unitholder, provided such Unitholder meets the requirements described below under the heading "Certain Canadian Federal Income Tax Consequences".

The Conversion Proposal is subject to approval by the Toronto Stock Exchange ("TSX"). The Company anticipates that such approval, subject to customary conditions, will be obtained prior to the Meeting.

In order to become effective, the Conversion Proposal must be approved by an ordinary resolution of the Unitholders, acting in their capacity as holders of common shares, and by a special separate resolution of the Unitholders acting in their capacity as holders of preferred shares. The full text of the ordinary and special separate resolutions proposed for consideration by Unitholders to give effect to the Conversion Proposal is set forth in Schedule "A" to this Information Circular. The ordinary resolution requires the affirmative vote of a simple majority of the votes cast by holders of Stapled Units, acting in their capacity as holders of common shares, present in person or represented by proxy at the Meeting. The special separate resolution requires the affirmative vote of two-thirds of the votes cast by holders of Stapled Units acting in their capacity as holders of preferred shares, present in person or represented by proxy at the Meeting.

The amendments to the preferred shares, the Conversion and the consolidation of the common shares will take effect in sequence following approval of the ordinary and special separate resolutions by Unitholders and in accordance with the provisions of the *Business Corporations Act* (British Columbia). Unitholders are not required to take any action in connection with the implementation of the Conversion Proposal, and each previously issued certificate representing Stapled Units will be deemed for all purpose to cease to represent any interest in preferred shares and will be deemed to represent in lieu thereof the number of common shares issuable upon the conversion of such preferred shares, subject to adjustment to reflect the subsequent consolidation of the common shares.

Certain Canadian Federal Income Tax Consequences

The following summary describes certain Canadian federal income tax considerations generally applicable to a beneficial holder (a "Holder") of a preferred share who, for purposes of the *Income Tax Act* (Canada) (the "Tax Act"), holds a preferred share comprising part of a Stapled Unit as capital property. Generally, a preferred share will be considered to be capital property to a Holder provided the Holder does not hold the preferred share in the course of carrying on a business and has not acquired it in one or more transactions considered to be an adventure in the nature of trade. Certain resident Holders who might not otherwise be considered to hold their preferred shares as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the election permitted by subsection 39(4) of the Tax Act.

This summary is based upon the provisions of the Tax Act and the Company's understanding of the current published administrative practices of the Canada Revenue Agency. No advance income tax rulings have been sought respecting the matters included in this summary.

This summary is not exhaustive of all possible Canadian federal income tax considerations and does not take into account or anticipate any changes in the law, whether by legislative, governmental or judicial action, and does

not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any Holder. Consequently, each Holder should obtain tax advice with respect to the Holder's particular circumstances.

Addition of Conversion Right

The amendment to the terms of the preferred shares to provide that the preferred shares become automatically convertible into common shares as of the date specified therein should not cause a Holder to be deemed to have disposed of a preferred share.

Conversion to Common Shares

On the conversion of a preferred share into common shares a Holder should be deemed to have disposed of the preferred share for proceeds of disposition equal to the preferred share's adjusted cost base. Therefore, no gain or loss should arise on the conversion. The adjusted cost base of any common shares received by a Holder on the conversion of a preferred share will be equal to the adjusted cost base of the preferred share exchanged for such common shares at the time of the conversion averaged with the adjusted cost base of all other common shares held by the Holder as capital property.

Consolidation of Common Shares

The consolidation of the common shares forming part of a Stapled Unit into one common share per Stapled Unit following the conversion of the preferred shares should not result in a disposition of the common shares. The adjusted cost base of each common share that will form part of the Stapled Unit following the consolidation will be equal to the adjusted cost base of the common shares that formed part of the Stapled Unit immediately before the consolidation including the common shares issued on the conversion of the preferred shares.

Authorization of Issuance of Additional Convertible Debentures and Underlying Stapled Units

On February 11, 2009, the Company issued \$50 million aggregate principal amount of 9% extendible convertible debentures of the Company (the "Public Debentures") pursuant to a rights offering to existing Unitholders. On the same date, the Company also completed a private placement of \$100 million aggregate principal amount of convertible debentures of the Company having economic terms similar to those of the Public Debentures (the "Private Debentures" and, together with the Public Debentures, the "Convertible Debentures") to two wholly-owned subsidiaries of British Columbia Investment Management Corporation (the "bcIMC Investors"). The Convertible Debentures are convertible into Stapled Units at the option of the holder at a conversion price of \$3.50 per Stapled Unit (the "Conversion Price").

Under the terms of the Convertible Debentures, the Company may satisfy its obligation to pay interest on the Private Debentures by increasing the aggregate principal amount of the Private Debentures and on the Public Debentures by issuing and delivering additional Public Debentures, in lieu of cash, all subject to certain conditions, including TSX approval. Under applicable TSX rules, the Stapled Units issuable on conversion of any Convertible Debentures so issued will be deemed to be issued at the Conversion Price. In the event that the Company increases the aggregate principal amount of the Private Debentures or issues additional Public Debentures in payment of interest and the Conversion Price is less than the then current market price of the Stapled Units by an amount larger than the applicable discount permitted under TSX rules, which is 15% for securities with a market price above \$2.00, the Company would be required under TSX rules to obtain securityholder approval in connection with such issuance.

In view of the potential requirement under applicable TSX rules for Unitholder approval in the event that the Company elects to increase the aggregate principal amount of the Private Debentures or issue additional Public Debentures as payment-in-kind of interest on the existing Convertible Debentures, the investor rights agreement entered into by the Company with the bcIMC Investors (the "Investor Rights Agreement") requires the Company to, among other things, seek Unitholder approval at the Meeting for the increase in the aggregate principal amount of Private Debentures and issuance of additional Public Debentures, and the issuance of the Stapled Units issuable on conversion thereof, in lieu of payment of interest in cash in respect of four quarterly interest payments (the "Covered Interest Payments"). In addition, the Company has agreed to seek, if requested by the

bcIMC investors, Unitholder approval annually for the increase in the aggregate principal amount of Private Debentures and issuance of additional Public Debentures, and the issuance of the Stapled Units issuable on conversion thereof, in respect of four additional interest payments. These provisions were included to provide greater certainty to the bcIMC Investors regarding the Company's ability to exercise its right to pay interest on the Convertible Debentures in kind if necessary.

The Company currently intends to pay interest on the Convertible Debentures in cash for the foreseeable future and is seeking Unitholder approval for the increase in the aggregate principal amount of Private Debentures and the issuance of additional Public Debentures, and the issuance of the Stapled Units issuable on conversion thereof, solely to comply with its contractual obligations under the Investor Rights Agreement with the bcIMC Investors.

The Company's election to pay interest on the Convertible Debentures in kind in respect of all four of the Covered Interest Payments would require, in aggregate, the issuance of up to an additional \$4.7 million aggregate principal amount of Public Debentures, an increase of up to \$9.4 million in the aggregate principal amount of the Private Debentures, and the allotment and reservation for issuance of up to 4,150,000 Stapled Units issuable upon the conversion of such additional Convertible Debentures (collectively, the "PIK Debenture Issuances"). Assuming the full amount of such increase or issuance of additional Convertible Debentures by the Company, the underlying Stapled Units would represent approximately 5.3% of the current issued and outstanding Stapled Units. If approved, the PIK Debenture Issuances may be made in part from time to time in respect of up to four quarterly interest payments, which need not be consecutive, at any time prior to the maturity of the Convertible Debentures in 2014.

The PIK Debenture Issuances are subject to approval by the TSX. The Company anticipates that such approval, subject to customary conditions, will be obtained prior to the Meeting.

The full text of the ordinary resolution proposed for consideration by Unitholders to authorize the PIK Debenture Issuances described above is set forth in Schedule "B" to this Information Circular. In order to become effective for the purposes of satisfying the securityholder approval requirements under applicable TSX rules, the ordinary resolution requires the affirmative vote of a simple majority of the votes cast by holders of Stapled Units present in person or represented by proxy at the Meeting.

Other Matters to be Acted Upon

The management of the Company knows of no matters, which may be brought before the Meeting other than those referred to in the Notice. However, if other matters are properly brought before the Meeting, the persons named in the enclosed form of proxy intend, in their discretion, to vote on such matters in accordance with the judgment of the person so voting.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Company's Board of Directors and senior management consider good corporate governance to be central to the effective, efficient and prudent operation of the Company. During the past year, both management and the Board have monitored and, where appropriate, responded to regulatory developments aimed at improving corporate governance practices, increasing corporate accountability and enhancing the transparency of public company disclosure and will continue to monitor the developments in corporate governance practices.

On June 30, 2005, National Instrument 58-101, Disclosure of Corporate Governance Practices (the "Instrument") and a related National Policy 58-201, Corporate Governance Guidelines (the "Guidelines") issued by the Canadian Securities Administrators (CSA) came into effect, replacing the guidelines previously issued by the Toronto Stock Exchange. The Guidelines and the Instrument require listed companies to annually disclose their approach to corporate governance with reference to specific matters. The following disclosure is in accordance with the Instrument.

Board of Directors

The Guidelines recommend that a board of directors should be constituted by a majority of individuals who qualify as "independent directors". For the purpose of the Guidelines, a director is independent if he or she has no direct or indirect material relationship with the issuer. A "material relationship" is a relationship which could in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgement and there are certain relationships that are considered to be a "material relationship" under section 1.4 of National Instrument 52-110 ("NI 52-110") (as referred to in the Instrument and the Guidelines).

The directors of the Company have examined the relevant definitions in the Guidelines, the Instrument and under section 1.4 of NI 52-110 and have individually considered their respective interests in and relationships with the Company. As a consequence, the Board has determined that on a rigorous application of these definitions, the majority of the Board's directors are independent (eight of the Company's nine directors satisfy "independence" requirements). Specifically, Mr. William C. Brown, Mr. V. Edward Daughney, Mr. David L. Emerson, Mr. Robert J. Holmes, Ms. Maureen E. Howe, Mr. Robert W. Murdoch, Mr. Conrad A. Pinette and Ms. Maria M. Pope are all independent directors. Mr. McElligott, by virtue of his position as the President and CEO of the Company, is the only director who is not an independent director.

Certain directors of the Company are presently directors of other reporting issuers. For further details and information, please refer to pages 7 to 9 under the heading "Election of Directors".

The Guidelines recommend that a board of directors should have in place appropriate structures and procedures to enable the board to function independently of management. The Guidelines recommend that the chair of the board of directors be an independent director. The Chairman of the Board of the Company, Mr. Daughney, is not an employee of the Company and is not regularly involved in the day-to-day management of the Company and satisfies the definition of independence under the Guidelines. The Chairman is responsible for managing the affairs of the Board of the Company and works with the President and Chief Executive Officer and other management to ensure effective relations with members of the Board of the Company, the Unitholders and the public. The Guidelines also recommend that the independent directors hold regularly scheduled meetings that are not attended by non-independent directors. At the conclusion of each quarterly Board meeting, there is an in-camera session of independent directors in which the independent directors can discuss matters without presence of the non-independent director and the management. In 2008, the independent directors met six times in such a manner.

Individual directors of the Company may engage outside advisors at any time at the Company's expense, subject to the approval of the Chairman of the Board, to provide advice with respect to a corporate decision or action. In addition, each Committee of the Board has the power to engage outside advisors to advise and assist them in situations that they deem necessary.

For information on attendance of members of the Board at Board meetings and Committee meetings, please refer to page 10 under the heading "Record of Attendance by Directors for the Twelve Months Ended December 31, 2008".

The Guidelines recommend that a board of directors should examine its size having regard to its effectiveness and, where appropriate, consider reducing the number of directors to facilitate more effective decision-making.

The Guidelines recommend a director shall not be proposed for election at the annual meeting of unitholders next held following the date on which he/she attains the age of 70 years. The Board may request a director to extend his/her term of service beyond the regular retirement age. In such cases, the director's term will be extended in one-year increments.

Committees of the Board

The Guidelines recommend that the nominating committee and the compensation committee should be composed of independent directors. NI 52-110 requires the audit committee to be composed of independent directors satisfying all criteria as set out in NI 52-110. The Board currently has established three standing committees: the Audit Committee, the Environment, Health and Safety Committee, and the Governance and Human Resources Committee. Each of such committees has adopted a written charter and is composed entirely of independent directors as defined under the Guidelines. Mr. McElligott is not a member of such committees but attends all committee meetings. For detail of the members of each committee, please refer to pages 7 to 9 under the heading "Election of Directors".

The Governance and Human Resources Committee is both a nomination committee and a compensation committee for the purposes of the Guidelines and the Instrument.

Audit Committee

In addition to its statutory duties, and as required under NI 52-110, the Audit Committee assists the Board in its oversight of the integrity of the Company's financial statements, the external auditors' qualifications, independence and objectivity, the performance of the internal auditors and of the external auditors, the adequacy and effectiveness of internal controls and compliance with legal and regulatory matters. The Board, through the Committee, identifies principal risks in the business and ensures that those risks are appropriately managed. The Committee also reviews management policies and procedures for appropriateness and effectiveness.

All members of the Committee are financially literate. "Financial literacy" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. None of the members of the Committee receives, directly or indirectly, any compensation from the Company other than compensation described in this Information Circular (see page X8 under the heading "Compensation of Directors").

Subject to the powers of the Unitholders under corporate legislation to appoint and revoke the appointment of the external auditors, the Audit Committee has the authority and responsibility to recommend the appointment and revocation of appointment of the external auditors and to fix their remuneration. The Audit Committee is directly responsible for the oversight of the work of the external auditors, including reviewing relationships between the external auditors and the Company and resolution of disagreements between management and the external auditors regarding financial reporting. The Committee has the sole authority to approve all audit engagement fees and terms as well as the provision of any legally permissible non-audit services provided by the external auditors. The Committee is also charged with reviewing with the external auditors any audit problems or difficulties and management's response.

The Audit Committee, which has oversight responsibility for management reporting on internal controls, requires that management implement and maintain appropriate internal control procedures. The Committee meets with the internal auditors and with management to assess the adequacy and effectiveness of these systems of internal control. The Committee also reviews reports from the internal auditors on the Company's control environment and internal controls implemented to ensure any weaknesses identified have been remedied. The internal audit function at the Company is provided by PricewaterhouseCoopers. The chairman of the Committee has direct access to the partner in charge of this engagement and the Committee approves internal audit engagement fees and terms provided by the internal auditors.

The Audit Committee terms of reference provide that the Committee will meet separately with the external auditors, the internal auditors and senior management on a regular basis to discuss and review specific issues as appropriate.

The Audit Committee also ensures that there are adequate procedures in place for the review of the Company's public disclosure of financial information. Among other things, the Audit Committee reviews:

- Quarterly Interim Financial Statements and related Management’s Discussion and Analysis (“MD&A”), the Annual Consolidated Financial Statements and related MD&A, the Annual Information Form and this Information Circular;
- earnings press releases;
- prospectuses relating to the issuance of securities by the Company; and
- any significant issues reported to management by the internal audit function and management’s responses to any such reports.

The Charter of the Audit Committee can be found on the Company’s website at www.timberwest.com (the “Company’s Website”) or on www.sedar.com as an attachment to the Company’s Annual Information Form. Additional disclosure relating to the Company’s audit committee, as required under National Instrument 52-110, is contained in the Company’s Annual Information Form under the heading “Audit Committee”. The Annual Information Form of the Company has been filed with SEDAR and is available at <http://www.sedar.com>. A copy of the Company’s Annual Information form may also be obtained by making a request to the Secretary of the Company.

Report on the Audit Committee Mandate

The Audit Committee has met all of the requirements of its mandate. In particular, the Audit Committee is comprised of four independent directors all of whom are financially literate.

In addition, during 2008, the external auditors and the internal auditors attended the four quarterly Audit Committee meetings and in-camera meetings were held with the external and internal auditors. In particular, the Committee reviewed the independence criteria for external auditors and was satisfied the independence criteria have been met. The Chair of the Audit Committee met separately with the engagement partners from both the external and internal audit firms during the year independently of the Committee and management. The Audit Committee met four times in total during the year.

During 2008, the Audit Committee encouraged adherence to and continuous improvements of the Company’s policies, procedures and practices at all levels. In particular, the Committee has established that the Chair of the Audit Committee is the person to receive complaints regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of concerns regarding such matters (whistle-blowing).

Environment, Health and Safety Committee

The Environment, Health and Safety Committee has specific authority to review, approve and revise the environmental and safety policy of the Company, to monitor the Company’s environmental management system, including results of internal and external audits of these policies and systems, to provide direction to management on the frequency and focus of external independent environmental audits and to investigate any activity of the Company that relates to environmental and safety matters. The Committee also monitors the status of the Company’s compliance with ISO and SFI® certifications to ensure certification standards are being met. The Committee also monitors safety statistics such as the Medical Incident Rate and Incident Severity and Lost Time Injury to ensure the Company and its contractors are working to achieve or exceed high safety standards. In 2008, the Committee met four times.

Governance and Human Resources Committee

The Governance and Human Resources Committee has responsibility to review and recommend for approval by the Board all remuneration and pensions of the officers of the Company, including the directors and the President and Chief Executive Officer. As recommended in the Guidelines, the Governance and Human Resources Committee reviews the amount and the form of compensation for directors. In making recommendations to the Board for appropriate adjustments, the Committee considers the time commitment, risks and responsibilities of directors, as well as comparative data including data derived from director compensation surveys and reports published by independent outside consultants. For a detailed discussion on the process adopted by the Governance and Human Resources Committee in respect of Executive Compensation, please refer to page 20 under the heading “Executive Compensation”.

The Governance and Human Resources Committee is also responsible for identifying, evaluating and recommending nominees to the Board of Directors and its committees, in consultation with the Chairman and the President and CEO. The Committee determines what competencies, skills and personal qualities it should seek in

new board members to add value to the Company. In certain circumstances the Committee may retain outside consultants to conduct searches for appropriate nominees.

The Governance and Human Resources Committee assists the Board in applying governance principles and practices, and tracks developments in corporate governance, adapting best practices to the needs and circumstances of the Company. In particular, the Committee has reviewed and responded to the provisions under the Instrument and the Guidelines. During 2004, the Committee performed a review of the Board Governance manual and updated the manual as appropriate. The Committee will modify its practices and the practices of the Board and its other committees as necessary and from time to time to maintain a high standard of governance. In 2008, the Committee met four times.

Mandate and Responsibilities of the Board

The Board adopted “Terms of Reference for the Board”, which is available on the Company’s Website.

The Guidelines provide that a board of directors should explicitly assume responsibility for the stewardship of a corporation. The Board’s terms of reference provide that the Board act in a supervisory role and that any responsibilities not delegated to management remain with the Board. In this regard, the Board approves the corporate objectives which management is responsible for meeting and assesses management against these objectives. The Chairman of the Board is not a member of management.

The scope of the Board’s supervisory role expressly includes such matters as the strategic planning process, identification and management of risks, internal controls, communications policy, succession planning and governance. To support it in its supervisory role, the Board expects management, among other things, to:

- undertake an ongoing review of the Company’s strategies and their implementation in light of evolving conditions, and to present a comprehensive annual operating plan and report regularly on the Company’s performance and results relative to that plan, as well as on the Company’s business and other affairs, with a focus on matters of material consequence for the Company and its Unitholders;
- implement systems to identify, monitor and manage the principal risks of the Company’s businesses;
- implement and maintain appropriate systems of internal controls and management information systems; and
- implement and maintain effective communications practices, ensuring timely and accurate reporting to investors and the capital markets.

The Guidelines recommend that a board of directors should assume responsibility for the adoption of a strategic planning process. Long-term goals and strategies for the Company are developed as part of an annual strategic planning process with the Board. The Company developed a long-term strategic plan and this plan is updated annually. The strategic planning process also includes the preparation of a detailed one-year operating plan. Through this process, led by the CEO and senior management of the Company, the Board adopts the operating plan for the coming financial year and monitors senior management’s relative progress through a regular reporting and review process. The Board reviews, on a quarterly basis, the extent to which the Company has met the current year’s operating plan.

The Guidelines recommend that a board of directors should identify a corporation’s principal business risks and ensure implementation of appropriate risk management systems. The Board has identified the principal risks of the Company’s business and monitors, through established systems and procedures, the efficiency and use of forestry resources and monetary resources as well as compliance with regulatory standards and ISO 14001 standards and certification under the Sustainable Forestry Initiative (SFI®) Program. The primary regulatory compliance risk relates to adherence to the Forest Practices Code of British Columbia, the Private Land Forest Practices Regulation of British Columbia and environmental standards. The Environment, Health and Safety Committee of the Board is responsible for establishing policy, practice and control mechanisms and for conducting regular reviews of issues and audits.

The Guidelines recommend that a board of directors should assume responsibility for the integrity of a corporation’s internal control and management information systems. The Board, through its Audit Committee, meets with the Company’s external auditors to discuss the results of the annual audit, which includes, in accordance with Canadian generally accepted auditing standards, consideration of internal controls in planning the audit. The Audit Committee also reviews the Company’s internal control and management information systems with management annually as part of its financial risk assessment.

The Guidelines recommend that a board of directors should assume responsibility for a corporation's communications policy. The Company's Board reviews and approves the contents of major disclosure documents, including the Annual Consolidated Financial Statements and MD&A, the Quarterly Interim Reports and Interim MD&A, the Annual Information Form, this Information Circular, and all material press releases.

The Company's communications practices for communication with securities and investment analysts and the public are designed to avoid selective disclosure. In this regard:

- quarterly earnings conference calls are broadcast live over the internet and are accessible on a live and recorded basis;
- procedures are in place to provide timely information to investors and potential investors and to respond to investor inquiries and concerns;
- the CEO, the CFO and other senior executives meet periodically with financial analysts and institutional investors regarding the Company's results of operations;
- staff are also available to Unitholders by telephone and fax and the Company maintains comprehensive investor relations communications on the Company's website; and
- presentations made by senior management at investor conferences are webcast and promptly made available on the internet.

In addition, the Company conducts an active Unitholder relations program, under the direction of the Chief Financial Officer of the Company. The program involves meeting with a broad spectrum of investors, including open briefing sessions for analysts, investment fund managers and others with respect to reported financial results and other announcements by the Company. The Chief Executive Officer and the Chief Financial Officer report regularly to the Board with respect to these matters.

The Guidelines recommend that a board of directors should assume responsibility for succession planning, including appointing, training and monitoring senior management. Through its Governance and Human Resources Committee, the Board reviews all appointments of officers, including the CEO. The Governance and Human Resources Committee also has responsibility for assessing the requirements and performance, on an overall basis, of the CEO and officers in order to recommend salaries and incentive awards for performance. The CEO has in place a process whereby senior managers develop objectives, review them with the CEO and are measured against them. The Board, through the Governance and Human Resources Committee, review and monitor the CEO and other executive officers of the Company to satisfy itself of the integrity of such officers and to oversee that they create a culture of integrity throughout the Company. In addition, position descriptions and terms of reference have been developed for the directors, the Chairman and the President and CEO. Delegations of authority have been implemented by the Board to define the limits of management's authority and responsibilities.

Code of Business Conduct and Ethics

The Company's Board adopted a Code of Business Conduct and Ethics, which applies to all directors, officers and employees of the Company and a Code of Ethics for the Chief Executive Officer and Senior Financial Officers (together, the "Codes"). These Codes were implemented by the Company during the first half of 2004 and can be found on the Company's Website. These Codes have also been filed with SEDAR at www.sedar.com. The Board monitors compliance with the Codes by requiring that all employees have read and signed the Codes (as applicable to them) and by charging management with raising to the Board's attention any issues that arise with respect to the Codes. In addition, the Board has adopted a Whistle-Blower Procedure and process, which allows for anonymous submission of complaints or issues relating to the Codes or to any accounting or financial improprieties that may arise. Should any director or officer depart from or violate the Codes, a material change report may be required to be filed. There have been no such departures or violations, and hence no material change reports have been filed in 2008.

Decisions Requiring Prior Approval by the Board

The Board of Directors has delegated to the CEO and senior management the responsibility for day-to-day management of the business of the Company, subject to compliance with the plans approved from time to time by the Board. In addition to those matters which must by law or by the Articles of the Company be approved by the Board, the Board has specified limits to management's responsibility and retains responsibility for significant

changes in the Company's affairs such as approval of major capital expenditures, debt and equity financing arrangements and significant acquisitions and divestitures.

Expectations of Senior Management

As part of its annual strategic planning process, the Board's expectations of senior management over the next financial year, and in the context of the longer-term strategic plan, are specified. As recommended in the Guidelines, the Board also reviews and approves the annual corporate performance objectives for which the CEO is responsible. The CEO and other members of the senior management team review the Company's progress at Board and committee meetings, normally held every quarter. The reviews report on strategic, operational and financial issues facing the Company.

Directors' and Officers' Liability Insurance

The Company has purchased, at its expense, Directors' and Officers' Liability Insurance, which is split into two separate coverages in the insuring agreement. The first coverage relates to protection provided for directors and officers against liability incurred by them in their capacities as directors and officers of the Company and its subsidiaries. This section has a policy limit of \$50,000,000 for each claim, subject to an aggregate limit of \$50,000,000 for the 12 months ending July 1, 2009. There is no deductible under this coverage that applies in circumstances where indemnification is not provided by the Company.

When the Company provides an indemnity to a director or officer, the second coverage applies and provides payment on behalf of the Company under the indemnity, subject to a deductible of \$100,000. This section has a policy limit of \$50,000,000 for the 12 months ending July 1, 2009.

Orientation and Continuing Education

The Guidelines recommend that a corporation should provide an orientation and education program for new directors. In addition to having extensive discussions with the Chairman of the Board and the CEO with respect to the business and operations of the Company, a new director receives an orientation package, which includes a record of public and other information concerning the Company, prior Board briefing packages and prior minutes of meetings of the Board of Directors and applicable committees.

Each director assumes responsibility for keeping themselves informed about the Company's business and relevant developments outside the Company which affect its business. Individual directors also periodically attend conferences and seminars related to the industry and have toured operations of other companies in the industry. In addition, directors periodically attend professional development conferences and seminars related to audit, pension, governance and regulatory matters organized by professional organizations. Management assists directors by providing them with regular updates on relevant developments and other information which management considers of interest to the Board. The Board also meets regularly to discuss issues outside of the presence of management.

In addition, the directors annually take part in tours of the Company's operations in order to assist the directors in better understanding the Company's business. These tours include informal presentations and discussions with local management and employees. The Board also encourages senior management to ensure that employees who are seen as potential future senior executives of the Company interact with the Board from time to time to allow the Board members themselves to assess that future potential.

Assessments

Ensuring the effectiveness of the Board is an ongoing process. A system for evaluation of the Board as a whole has been established and is performed annually.

Each year the Board reviews its own performance, the performance of each committee of the Board and the performance of the Chief Executive Officer. The Board has not formalized an individual director peer assessment because the Board has determined the comprehensive performance assessment that it performs for the Board as a whole and its various committees gives the Chair sufficient information on individual directors' performance.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section provides information regarding the compensation the Board of Directors intended the Company to pay, make payable, award, grant, give or otherwise provide to each person serving as the Chief Executive Officer and Chief Financial Officer in the 2008 fiscal year and each of the four most highly compensated executive officers serving in the 2008 fiscal year (collectively, the “Named Executive Officers”).

Governance and Human Resources Committee

The Governance and Human Resources Committee of the Board of Directors (the “Committee”) performs the functions of a compensation committee in the determination of compensation of the executive officers. The members of the Committee who served during the financial year ended December 31, 2008 were Messrs. Binkley, Holmes, Murdoch and Shields. Subsequent to year end, on February 5, 2009, Mr. Daughney was appointed to the Committee. Each of these directors are independent directors and none of whom is a current chief executive officer of any public company.

Compensation Philosophy and Objectives

The Committee reviews and makes recommendations to the Board regarding the remuneration of the senior management of the Company, including the President and Chief Executive Officer (the “CEO”). The Committee recommends approval by the Board of Directors of salaries, bonuses, securities-related and other incentive plans, pensions and other benefit plans that would be considered compensation to senior management.

Compensation Strategy

Compensation is a key mechanism used by the Company to attract, retain and motivate employees with the skills and commitment needed to enhance unitholder value. The Company ensures that it provides competitive compensation by periodically engaging the services of external compensation consultants and regularly participating in executive compensation surveys. For example, in 2001 the Company retained Towers Perrin to conduct a comprehensive competitive review of total direct compensation (salary, annual and long-term incentives) for its executives. The 2001 information has subsequently been updated through the Company’s participation in major national executive compensation surveys sponsored by Towers Perrin, Mercers and Hewitt Associates. The Committee’s goal is to target senior management compensation at the market median for comparable Canadian publicly traded companies. The Committee takes into consideration the advice from external consultants and other relevant information and factors when making the final decisions on the Company’s compensation policy.

Total compensation for senior management includes base salary, annual and long-term incentives, including but not limited to grant of Stapled Unit options and Distribution Equivalent awards, and a program of benefits and perquisites.

In addition to attracting and retaining a senior management team that demonstrates superior leadership skills and strategic management focus, the compensation strategy has the objective of linking the interests of the senior management group with those of the holders of Stapled Units.

The Committee believes that its objectives can be met by providing for base salaries at levels prevailing in the marketplace, together with an emphasis on annual and long-term incentives based on the performance of the Company to provide total compensation competitive with a reference group comprising Canadian companies in the forest industry (for industry specific management roles) and a general industry sample of autonomous Canadian companies with revenues between \$100 million and \$5 billion (for non-industry specific management roles).

Chief Executive Officer’s Compensation

The Committee assesses the overall performance of the CEO on the basis of his contribution to:

- amount of distributable cash generated relative to the annual plan,
- the CEO’s performance relative to a set of goals and objectives established for his position each year by the Board at the beginning of each year,

- the strategic plan for the Company, and
- the management, including risk management and leadership, of the organization.

The Committee's objective is to provide competitive compensation for the CEO based on performance. The Committee's assessment of Mr. McElligott's performance over fiscal year 2008 included how he performed relative to the goals & objectives established for his position at the start of the year. His key goals were to:

- Ensure all TimberWest planning and production contractors are SAFE certified by year-end
- Achieve distributable cash targets in the board approved 2008 business plan
- Achieve the right to sub-divide contractor operations in the Timberlands business unit
- Review strategic alternatives for the Elk Falls sawmill & and related fibre supply agreements and implement optimal course of action
- Complete a five year plan for the Real Estate business unit
- Achieve specified development milestones in Real Estate business unit
- Update long run strategic plan and review strategic options
- Review alternatives to delever the company while improving liquidity during current industry downturn and implement the optimal solution

In addition, while not identified at the beginning of the year as specific goals, the Committee also reviewed Mr. McElligott's performance with respect to a cost reduction program he implemented in the fourth quarter of 2008 and his handling of major logging contractor insolvencies, including the related extinguishment of Bill 13 harvesting rights on the company's public land operations.

Senior Management Base Salary, Benefits and Perquisites

As described above, base salary and benefits and perquisites for senior management have been recommended to the Board with the assistance of independent consultants and on the basis of market surveys sponsored by the independent consultants on the reference groups. The CEO and other executive officers are compared to executives occupying similar positions in the reference groups.

The performance of other executives is assessed by the CEO through the Company's performance management process. Individual goals and targets are set annually for each Vice-President and an overall performance rating is determined by the CEO at the end of each fiscal year.

Annual Cash Incentives

Effective for the financial year beginning January 1, 1998, the Committee adopted a formal plan, known as the Senior Management Annual Incentive Plan (the "Annual Incentive Plan"), which defined the criteria governing the payment of cash incentives. The intention of the Annual Incentive Plan is to encourage senior management to focus on strategies and results that meet expectations of the holders of Stapled Units for sustainable distributable cash. The Annual Incentive Plan also allows a measure of discretion for the CEO to differentiate incentive compensation paid on the basis of individual performance.

A target award is established for each participant in the Annual Incentive Plan using a percentage of base salary. The target award for members of senior management (other than the CEO) for achieving 100% of the Company's target performance was established at 35% of salary. Of the 35%, 25% is non-discretionary and 10% is discretionary. For the CEO, the target award for achieving 100% of the Company's target performance was established at 50% of salary. Of the 50%, 35% is non-discretionary and 15% is discretionary. Non-discretionary award amounts are determined for all participants based on the Company's actual performance relative to its target for the financial year.

The Company must achieve at least 80% of its annual distributable cash target before any discretionary amounts may be paid to the CEO or other executives. The full distributable cash target must be reached before the CEO and other executives are eligible for any non-discretionary payments from the plan.

Maximum awards are paid if the Company achieves 120% of its target performance. If the Company achieves 120% of its target performance, the maximum awards are 70% of salary for members of senior management. The maximum award for the CEO is 100% of salary. At the maximum award level, 15% of such award is discretionary for senior management and 25% is discretionary for the CEO.

The Committee uses its discretion from time to time to award bonuses for special or specific projects that are completed during the year.

On occasion, the Board may approve special non-recurring bonuses for strategic purposes or to recognize special accomplishments. For example, special one-time bonuses were paid to the CEO and three other named executives to recognize the sale of the Leech Creek property in 2007 for proceeds of \$64.7 million, which was a significant achievement.

The Company sets annual performance targets. During 2008, no awards were paid. For 2007, the target was set at \$83.8 million of distributable cash, excluding proceeds from the sale of Leech Creek. The Company did not achieve its target and no awards were paid. For 2006, the target was set at \$83.6 million of distributable cash. The Company achieved above target distributable cash of \$103.8 million, for a maximum award level of 120% and cash incentives earned under the plan were \$1.166 million. For 2005, the target was set at \$83.2 million of distributable cash, excluding one time costs associated with the Western Forest Products fibre supply agreement termination and restructuring. An award level of 102% of target was achieved and cash incentives earned under the plan were \$0.65 million.

Stapled Unit Option Plan

On April 27, 2007, the Unitholders approved the amended and restated Stapled Unit Option Plan of the Company, initially adopted as of March 1, 2000, pursuant to which directors, officers or employees of the Company or of any of its subsidiaries who are in active service or employment with the Company or any of its subsidiaries (defined under the Stapled Unit Option Plan as “Eligible Persons”) may be granted options to purchase Stapled Units.

The purpose of the Stapled Unit Option Plan is to promote the interests of the Company by (i) furnishing certain directors, officers and employees of the Company and its subsidiaries with greater incentive to further develop and promote the business and financial success of the Company, (ii) furthering the identity of interests of persons to whom options may be granted with those of the Unitholders generally through securities ownership in the Company and (iii) assisting the Company in attracting, retaining and motivating its directors, officers and employees.

The Stapled Unit Option Plan is designed to provide a target level of incentive based on a percentage of base salary. The percentage of base salary varies with the seniority of the employees’ positions. In February, 2004, the Board of Directors established a maximum annual grant level and a maximum number of outstanding options a participant may hold at a maximum of five times an annual grant level.

The total number of options granted to employees in 2008 was 209,844, representing grants to the President & CEO, executives, senior management and other employees. 52,000 options were granted to directors in 2008, including a new director who was appointed in April. The total number of options granted to employees in 2007 was 293,670, representing grants to the President & CEO, executives, senior management and other employees, including two new vice-presidents who were appointed in May and June. 46,000 options were granted to directors in 2007, including a new director who was appointed in April. In 2006, 205,238 options were granted to the President & CEO, executives, senior management and other employees. 40,000 options were granted to directors in 2006. In 2005, 302,998 options were granted to the President & CEO, executives, senior management and other employees and 46,000 options were granted to directors, including a new director who was appointed in April. In 2004, 273,220 options were granted to the President & CEO, executives, senior management and other employees and 40,000 options were granted to directors.

At the same time all persons granted such options were awarded the same number of distribution equivalent awards under the Company’s Distribution Equivalent Plan, with the same expiry date and vesting terms as the corresponding options.

Distribution Equivalent Plan

On November 24, 2001, the Board of Directors approved and the Company adopted a Distribution Equivalent Plan pursuant to which directors, officers or employees of the Company or any of its subsidiaries who are in active service or employment with the Company or any of its subsidiaries may be granted distribution equivalent awards under the Distribution Equivalent Plan.

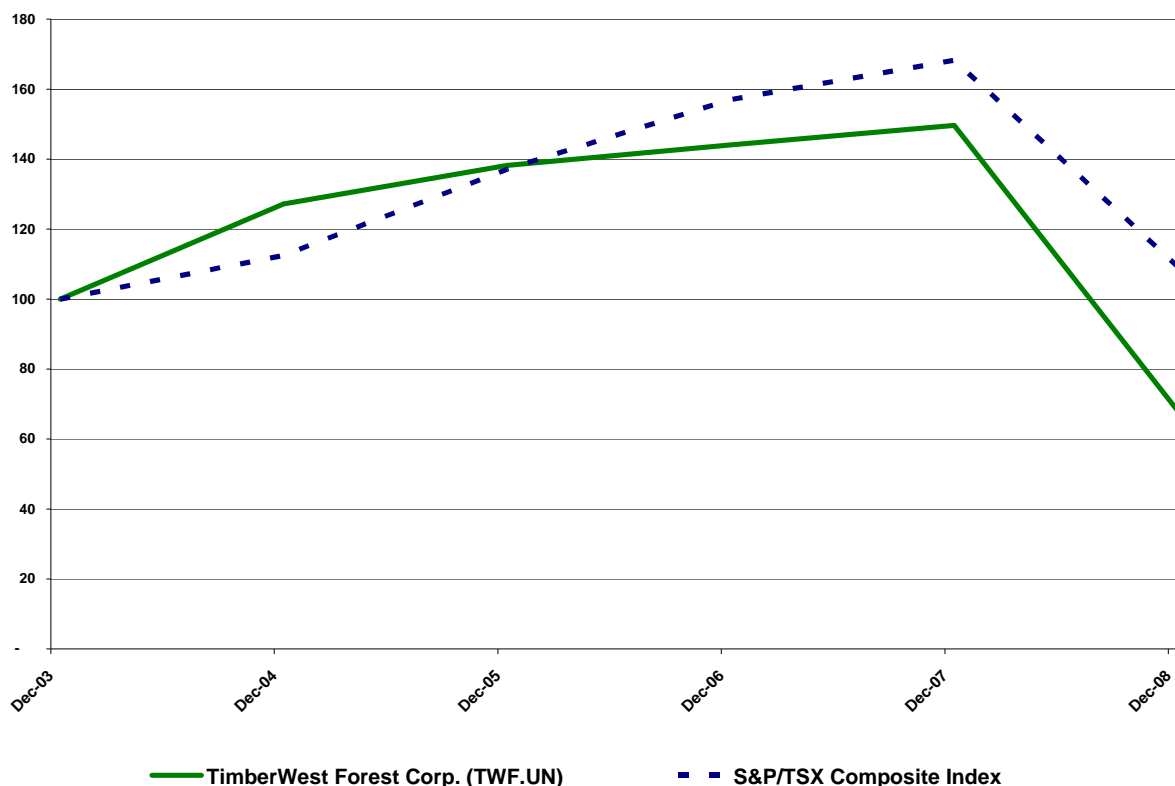
The purpose of the Distribution Equivalent Plan is very similar to that of the Stapled Unit Option Plan. It is intended to complement the Stapled Unit Option Plan so that recipients of options, by receiving corresponding distribution equivalent awards, will, upon exercise of the relevant options, have the benefit of distributions paid by the Company in respect of Stapled Units subject to the granted options. The Distribution Equivalent Plan does not involve issuance of Stapled Units from treasury of the Company.

The Distribution Equivalent Plan is administered by the Committee. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding granted options. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such paid distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in trust to that participant in accordance to the terms of the Distribution Equivalent Plan.

Performance Graph

The following line graph and succeeding table illustrate the Company's five-year total unitholder return (assuming reinvestment of dividends and distributions on each payment date) on the Stapled Units, assuming an initial investment of \$100 on January 2, 2004, with the cumulative total return, assuming a corresponding investment with all dividends and distributions reinvested, in respect of the S&P/TSX Composite Index compiled by the Toronto Stock Exchange. The S&P/TSX Composite Index is a total return index, including dividends reinvested.

The trend shown by the performance graph below represents strong growth in unitholder returns through 2007, followed by a decrease starting in 2008. Executive compensation increased through the period, including base salary. No annual incentive bonuses were paid in 2008. The decrease in the average market price of the Stapled Units of the Company has led to a decrease in the value of options held resulting in a decrease in option compensation.



	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
TimberWest Forest Corp.	\$100	\$127	\$138	\$144	\$150	\$68
S&P/TSX Composite Index	\$100	\$112	\$137	\$157	\$168	\$109

Summary Compensation Table

The following table sets out the compensation earned from the Company and its subsidiaries by the Named Executive Officers during the financial year ended December 31, 2008.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation ⁽³⁾	Total compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans			
PAUL J. McELLAGOTT President and Chief Executive Officer	2008	470,385	Nil	55,420	Nil	Nil	(42,900)	333,413	816,318
BEVERLEE F. PARK Executive Vice-President and Chief Financial Officer	2008	275,213	Nil	16,212	Nil	Nil	36,894	91,706	420,025
JOHN A. KELVIN Vice-President, Log Marketing & Sales	2008	257,538	Nil	15,171	Nil	Nil	31,727	52,621	357,057
HAMISH KERR ⁽⁴⁾ Vice-President, Strategic Planning & Forest Policy	2008	229,614	Nil	Nil	Nil	Nil	28,331	57,432	315,377
DAVID J. WHITELEY Vice-President, Timberland Operations	2008	226,500	Nil	13,343	Nil	Nil	25,718	28,793	294,354
JOHN A. HENDRY ⁽⁵⁾ Vice-President, Real Estate	2008	265,200	Nil	15,622	Nil	Nil	32,260	7,801	320,883

- (1) Represents the grant date fair value of options to purchase Stapled Units granted during the relevant financial year. In determining the fair value of the options, a Black-Scholes factor \$0.81 was used based on the following assumptions (i) risk-free interest rate: 2.7%; (ii) expected volatility in the market price of change: 29.2%; (iii) expected distribution yield: 3.7%; and (iv) expected lifetime: 5 years. The options are accompanied by Distribution Equivalent Awards. See footnote (1) in the table for "Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year". The grant date fair value of the options does not include any incremental value for accompanying Distribution Equivalent Awards. Distribution Equivalent payments made to the trustee

under the Distribution Equivalent Plan with respect to the vested awards are included in the “All other compensation” column.

- (2) The annual incentive bonus payments are reported in the financial year in which they are earned, not in the year in which they are actually paid. They are paid in cash in the year following the financial year in which they were earned. No annual incentive awards were earned in 2008.
- (3) All other compensation includes contributions made by the Company under its Employee Stapled Unit Purchase Plan and for Mr. McElligott also includes additional cash pension payments of \$18,750. Perquisites and other personal benefits provided to Named Executive Officers in 2008 did not exceed, with respect to any Named Executive Officer, the lesser of \$50,000 and 10% of the total annual salary of such Named Executive Officer. This column includes the following aggregate amounts paid by the Company to the trustee of the trust formed in relation to the Distribution Equivalent Plan with respect to vested awards awarded to the Named Executive Officers: Mr. McElligott: \$307,254; Ms. Park: \$87,331; Mr. Kelvin: \$49,241; Mr. Kerr: \$55,624; Mr. Whiteley: \$25,444; and Mr. Hendry: \$7,801.
- (4) Mr. Kerr retired from the Company on January 2, 2009.
- (5) Mr. Hendry left the Company on February 13, 2009.

Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year

The following table sets forth information concerning outstanding options to purchase Stapled Units granted to the Named Executive Officers and includes awards granted before the most recently completed financial year, in their capacities as executive officers of the Company, as at December 31, 2008.

Name	Option -based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units that have not vested (#)	Market or payout values of share-based awards that have not vested (\$)
Paul J. McElligott	56,730	12.21	2/25/2009	Nil	Nil	Nil
	63,230	15.80	2/7/2010	Nil	Nil	Nil
	64,810	13.94	2/7/2011	Nil	Nil	Nil
	64,810	16.26	2/7/2012	Nil	Nil	Nil
	68,420	5.45	11/16/2013	Nil	Nil	Nil
Beverlee F. Park	15,560	12.21	2/25/2009	Nil	Nil	Nil
	17,310	15.80	2/7/2010	Nil	Nil	Nil
	17,743	13.94	2/7/2011	Nil	Nil	Nil
	19,530	16.26	2/7/2012	Nil	Nil	Nil
	20,015	5.45	11/16/2013	Nil	Nil	Nil
John A. Kelvin	8,793	12.21	2/25/2009	Nil	Nil	Nil
	14,680	15.80	2/7/2010	Nil	Nil	Nil
	17,743	13.94	2/7/2011	Nil	Nil	Nil
	17,750	16.26	2/7/2012	Nil	Nil	Nil
	18,730	5.45	11/16/2013	Nil	Nil	Nil
Hamish Kerr	9,247	12.21	2/25/2009	Nil	Nil	Nil
	15,440	15.80	2/7/2010	Nil	Nil	Nil
	15,822	13.94	2/7/2011	Nil	Nil	Nil
	15,820	16.26	2/7/2012	Nil	Nil	Nil
David J. Whiteley	5,390	12.21	2/25/2009	Nil	Nil	Nil
	5,800	15.80	2/7/2010	Nil	Nil	Nil
	6,350	13.94	2/7/2011	Nil	Nil	Nil
	7,120	16.26	2/7/2012	Nil	Nil	Nil
	3,000	16.64	6/18/2012	Nil	Nil	Nil
	16,473	5.45	11/16/2013	Nil	Nil	Nil
John A. Hendry	40,000	17.78	5/13/2012	Nil	Nil	Nil
	19,287	5.45	11/16/2013	Nil	Nil	Nil

- (1) The options entitle the holder to acquire Stapled Units of the Company upon exercise. These options become vested and eligible for exercise over a three-year period, with one-third of the annual grants exercisable after one year, two-thirds after two years and all exercisable on the third anniversary. The Company adopted a Distribution Equivalent Plan on November 24, 2001. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding options that are granted. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in the trust to that participant in accordance with the terms of the Distribution Equivalent Plan.
- (2) The closing price of the Stapled Units on the Toronto Stock Exchange on December 31, 2008 was \$3.54. Subsequent to December 31, 2008, on February 17, 2009, Mr. McElligott was awarded 390,685 options, Ms. Park was awarded 124,585 options, Mr. Kelvin was awarded 106,961 options and Mr. Whiteley was awarded 94,061 options. The February 17, 2009 options had a grant price of \$3.01 per Unit.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth information concerning the value of incentive plan awards that vested or were earned during the year.

Name	Option-based awards - Value vested during the year⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Paul J. McElligott	Nil	Nil	Nil
Beverlee F. Park	Nil	Nil	Nil
John A. Kelvin	Nil	Nil	Nil
Hamish Kerr	Nil	Nil	Nil
David J. Whiteley	Nil	Nil	Nil
John A. Hendry	Nil	Nil	Nil

- (1) All options that vested during the year had an exercise price that exceeded the market price of the underlying securities on the vesting date. Under the Company's Distribution Equivalent Plan, at any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company is to pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distributions based on the number of awards granted under the Distribution Equivalent Plan. See footnote (1) in the table for "Incentive Plan Awards Outstanding at the End of the Most Recently Completed Year". The following aggregate amounts were paid by the Company to the trustee of the trust formed in relation to the Distribution Equivalent Plan with respect to the option based awards that vested during 2008: Mr. McElligott: \$81,147; Ms. Park: \$22,745; Mr. Kelvin: \$20,247; Mr. Kerr: \$19,271; Mr. Whiteley: \$8,565; and Mr. Hendry: \$7,801. These amounts are part of the awards referred to in Note (3) to the Summary Compensation Table.

Retirement Plans

The following table sets forth information regarding all defined benefit pension plans, excluding defined contribution plans, that provide for payments or benefits to any of the Named Executive Officers, at, following, or in connection with retirement.

Name	Defined Benefit Pension Plan						
	Number of years credited service (#)	Annual benefits payable (\$)		Accrued obligation at start of year (\$)	Compensatory change (\$) ⁽¹⁾	Non-Compensatory change (\$) ⁽²⁾	Accrued obligation at year end (\$)
		At year end	At age 65				
Paul McElligott	8	88,700	199,600	1,301,700	(42,900)	(187,500)	1,071,300

(1) The compensatory change is comprised of the cost of benefits earned during the year less the difference between estimated and actual earnings during the year.

(2) The non-compensatory change in the value of the pension obligation on an accounting basis decreased due to the increase in interest rate assumption from 5.5% to 7.25%. For additional information on assumptions related to the Defined Benefit pension plan see Note 13 of the audited Consolidated Financial Statements of the Company for the year ended December 31, 2008, available at www.sedar.com.

Mr. McElligott is a member of the defined benefit segment (“DB segment”) of the Supplemental Retirement Plan for Senior Management (“Supplemental Plan”). Under the DB segment, the member’s pension payable at age 65 is determined by multiplying his credited service by 2% of his best average pensionable earnings. Supplemental Plan benefits are offset by the benefits earned under the Company’s Base Pension Plan, which has a 1.3%/2.0% integrated final average earnings formula. Neither Plan is subject to deductions for Canada Pension, social security or other offset amounts. The normal form of pension under the Supplemental Plan is a life annuity with a spousal benefit of 60% of the member’s pension. Retirement benefits vest after two years of Plan participation or the attainment of age 55, whichever occurs first.

Mr. McElligott’s years of credited service are currently 8 and will be 18 years at age 65, his normal retirement date. Under the Supplemental Plan, pensionable earnings include salary and 50% of annual cash incentives. Pensionable earnings in the Base Pension Plan include salary and all annual cash incentives. The value of options or other long term incentives are not included as pensionable earnings under either plan. Pensionable earnings are averaged over the highest consecutive 60 months of compensation during the final 10 years of service. Mr. McElligott’s average pensionable earnings at December 31, 2008 are \$554,400 under the Supplemental Plan and \$668,887 under the Base Pension Plan.

To clarify, based on Mr. McElligott’s current service of 8 years, his accrued pension at age 65 is \$88,700 ($\$554,400 \times 2\% \times 8$ years). At age 65, based on his current pensionable earnings, his pension will be \$199,600 ($\$554,400 \times 2\% \times 18$ years).

The non-cash pension expense charged to the Company’s net earnings for 2008 in relation to the defined benefit segment of the Retirement Plan for Salaried Employees (the Company’s Base Pension Plan) for Mr. McElligott was \$54,000. In 2008, the Company contributed nil to the Plan with respect to Mr. McElligott due to the Plan having a surplus as of December 31, 2006. No employer contributions are permitted until the results of the next actuarial valuation of the Plan are approved. The effective date of the next valuation will be December 31, 2009.

The total obligations related to the Supplemental Plan for Mr. McElligott are secured by Letters of Credit.

Other Named Executive Officers (Park, Kelvin, Kerr, Whiteley and Hendry) are members of the defined contribution segment (“DC segment”) of the Supplemental Plan. Under the DC segment, the Company allocates 12% of the member’s pensionable earnings, minus contributions made to the Company’s Base Pension Plan, to individual retirement accounts. Pensionable earnings under the DC segment of the Supplemental Plan include salary and 50% of annual cash incentives. Contributions to DC member accounts in the Base Pension Plan consist of 7% of salary and annual cash incentives. Pensionable earnings do not include the value of options or

other long term incentives in either the Base or Supplemental Plans. The contributions that are allocated to the Supplemental Plan are held in notional accounts, to which the Company also allocates investment earnings equal to the average returns in the balanced funds of the Company's Base Pension Plan. Such allocations may be positive or negative. The obligations related to the Named Executive Officers under the Supplemental Plan are secured by letters of credit.

The following table sets forth information regarding all pension plans that provide for payments or benefits to Named Executive Officers at, following or in connection with retirement, excluding defined benefit plans. The total obligations related to the Supplemental Plan are secured by letters of credit.

Defined & Supplemental Contribution Pension Plan				
Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)⁽¹⁾	Non-compensatory (\$)⁽²⁾	Accumulated value at year end (\$)
Beverlee F. Park	429,151	36,894	(84,216)	381,829
John A. Kelvin	828,073	31,727	(38,100)	821,700
Hamish Kerr	191,064	28,331	(7,859)	211,536
David J. Whiteley	331,373	25,718	(56,092)	300,999
John A. Hendry	19,625	32,260	(7,659)	44,226

(1) The compensatory change is comprised of employer cash contributions paid in the year to the base plan and non-cash notional allocations for the year related to the supplemental plan.

(2) The non-compensatory change is comprised of regular investment earnings(loss) credited during the year for the base plan and notional earnings(loss) based on a performance indicator credited during the year for the supplemental plan.

Termination and Change of Control Agreements

Employment Agreements

The Company entered into an employment contract with Mr. McElligott for a term of three years commencing January 22, 2001, subject to automatic renewal of further three year terms unless either party gives written notice of non-renewal not less than 90 days prior to the expiry of the relevant term. The contract was renewed in 2007 for another three years, through to 2010, subject to the automatic renewal term. Nonetheless, the Company may terminate the employment of the executive upon death, breach of the Employment Agreement or for cause without making severance payments. In addition, the executive may terminate his employment at any time upon at least six (6) weeks written notice.

The Employment Agreement for Mr. McElligott provides that if the Company terminates the employment of the executive for any reason other than those stated above or takes any action which could be construed as constructive dismissal, then the executive is entitled to the following amounts, subject to applicable withholdings:

- (i) An amount equal to twenty four (24) months base salary, where severance is payable within 30 days of the termination date and not subject to mitigation;
- (ii) twenty four (24) months of the average annual “Senior Management Annual Incentive Plan” incentive earned in the twenty four (24) months prior to termination;
- (iii) Executive prerequisites, insurance and other company benefits, will be maintained on a month to month basis for up to twenty four (24) months;
- (iv) Severance payments will not be considered as “earnings” for pension purposes. However, twenty four (24) additional months of service in the Pension Plans will be recognized past the termination date for Mr. McElligott;
- (v) All options issued under the SUOP and all awards granted under the DE plan to the Executive on or before the termination date become vested at the termination date and must be exercised within 90 days of the termination date;
- (vi) The payment of any earned but unused vacation days and any amounts due under the executive’s business expense accounts, as authorized.

The following table shows estimated incremental payments triggered pursuant to termination of employment of Mr. McElligott in accordance with the termination provisions described above, assuming that the triggering events described above took place on December 31, 2008:

Named Executive	Severance (\$)⁽¹⁾	Cost of Benefits (\$)⁽²⁾	Cost of Option Vesting (\$)	Total (\$)
PAUL J. MCELLIGOTT	940,770	282,231	-	1,223,001

(1) Does not include unpaid annual salary to termination date or pro-rated bonus for year of termination.

(2) Assumes 30% benefit costs for CEO.

Mr. McElligott’s employment agreement provides that he shall retire any time after attaining the age of 60 years, at the option of the Company, with no compensation. In the event the Company requests retirement, the Company and the Executive will agree on a reasonable termination date and public announcement.

The Company does not have employment agreements with any of the other Named Executive Officers.

Change of Control Agreements

The Company has entered into change of control agreements (the “Change of Control Agreements”) with each of the Named Executive Officers. Under such agreements, in the event of a potential change of control (as defined in the Change of Control Agreements), or within 24 months following a change of control, the Executive’s employment with the Company or with a successor to all or substantially all of the business of the Company shall be terminated, by the Company or such successor for any reason whatsoever other than excluded termination or, by the executive for good reason, the following provision will apply:

- (a) The Executive shall be entitled to receive, and the Company will pay to the Executive, immediately following the date of termination of employment and in any event within 30 days of such date, a lump sum cash amount (subject to statutory deductions and withholdings) equal to the aggregate of the following:
 - (i) A severance amount determined by multiplying the annual compensation by the number of years (or calendar months thereof expressed as a fraction with twelve (12) as the denominator) in the severance period;
 - (ii) the unpaid annual base salary to the date of termination of employment;
 - (iii) an amount in lieu of bonus for the calendar year in which the date of termination of employment occurs, determined by multiplying 12 times the average monthly bonus over 24 months preceding the date of termination in the case for Mr. McElligott, in the case of Ms. Park and Messrs. Kelvin, Kerr, Hendry and Whiteley the average of the percentage bonus for the three (3) complete calendar years immediately preceding termination date multiplied by the base annual salary. The “percentage bonus” calculation excludes any signing bonus or similar one-off non-recurring bonus payment;
 - (iv) any other amounts to which the Executive is entitled at law or under any other terms and conditions of the Executive’s employment with the Company;
 - (v) unless the Company and the Executive otherwise agree in writing, the Executive shall continue to receive, until the end of the severance period, all benefits, fringe benefits and prerequisites including, without limitation, health, dental, life insurance, pension and savings plan benefits and car allowance on the scale provided by the Company as at the date of termination, and the Executive will continue to accrue throughout the severance period pension benefits;
 - (vi) if at the date of termination any of the named executive officers holds options under the Option Plan or DE awards under the DE Plan, all options and DE Awards so held shall immediately vest to the extent they have not already vested at such date, and shall continue to be held on the same terms and conditions applicable to such options and awards and shall be exercised as if the Executive continued to be employed by the Company until the end of the severance period;
 - (vii) the Company will provide or cause to be provided to the Executive career counselling and relocation support of the quality and extent being provided to senior executives of similar status according to prevailing practice.

Severance may be triggered after a Change of Control by any of the following:

- (i) Substantial reduction in the responsibilities or status of the Executive without the Executive’s express written consent
- (ii) Reduction by TimberWest in the Executive’s annual base salary
- (iii) Material adverse changes to the Executive’s benefits, including incentives, compensation, pension, life insurance, health, accident disability and other similar plans in which the executive is participating at the date hereof
- (iv) The requirement that the Executive relocate, substantially increased business travel or failure to reimburse Executive for costs associated with relocation or business travel

- (v) Failure of the company to obtain from a successor the agreement covered under the section, “Binding on Successors”
- (vi) Any reason that would be considered to be constructive dismissal by a court of competent jurisdiction.

Change of control covered compensation multiples are set out at 3x for the CEO and 2x for CEO direct reports. The following table sets out the payments that would have been made to the Named Executive Officers in the event that such an executive was terminated without cause or terminated for good reason on December 31, 2008 or within 24 months following the change of control.

Name	Termination Provisions Value ⁽¹⁾ ⁽²⁾ ⁽³⁾ (\$)
PAUL J. McELLIGOTT	1,834,502
BEVERLEE F. PARK	688,033
JOHN A. KELVIN	643,845
HAMISH KERR ⁽⁴⁾	574,035
DAVID J. WHITELEY	543,600
JOHN A. HENDRY ⁽⁴⁾	636,480

- (1) Does not include unpaid annual salary to termination date or pro-rated bonus for year of termination.
- (2) Assumes 30% benefit costs for CEO, 25% for VP’s and 20% for other.
- (3) Signing, discretionary, or similar one-off non-recurring bonus payments are not included
- (4) Both Messrs. Kerr and Hendry left the Company after December 31, 2008 and no change of control payment will be payable.

DIRECTOR COMPENSATION

The directors of the Company who are not employees of the Company are entitled to compensation for services rendered and to be reimbursed for expenses incurred in the performance of the duties of a director of the Company.

The Governance and Human Resources Committee of the Board of Directors reviews the amount and form of compensation for directors. From time to time, based on this review, the Committee makes recommendations to the Board for approval of appropriate adjustments or changes to the amount and form of such compensation. In making such recommendations the Committee considers the time commitment, risks and responsibilities of directors as well as comparative data, including data derived from director compensation surveys and reports prepared or published by independent compensation consultants.

Annual compensation is \$20,000 for each director, plus \$1,500 for each meeting of the Board of Directors or a committee of the Board attended. The Chairman of the Board is paid annual compensation of \$80,000. Each member of a committee of the Board (other than the chair of the committee) is paid an annual fee of \$3,000, and a chair of a committee of the Board is paid an annual fee of \$4,500, except for the chair of the Audit Committee who is paid an annual fee of \$12,000. In addition, directors traveling from out of province are paid a travel fee of \$1,500 per trip.

Directors may, from time to time, be requested to carry out special assignments by the Board of Directors and are compensated at a rate of \$1,000 per day for such services.

In addition to annual retainers and meeting fees, non-executive directors are eligible to be granted options to acquire Stapled Units under the Stapled Unit Option Plan of the Company and distribution equivalents under the Company's Distribution Equivalent Plan. The Stapled Unit Stock Option Plan is more fully described under "Executive Compensation Stapled Unit Plan" on page 22 and "Securities Authorized for Issuance Under Equity Compensation Plans" on page 37. The Distribution Equivalent Plan is more fully described under "Executive Compensation-Distribution Equivalent Plan" on page 22.

Mr. McElligott, who is also an employee of the Company, is not entitled to and has not received any of the compensation described above but receives compensation as the President and Chief Executive Officer of the Company as disclosed in the section under "Executive Compensation".

During 2008, the non-employee directors who were serving at that time were each granted options to acquire 6,000 Stapled Units under the Company's Stapled Unit Option Plan with an exercise price of \$5.45, except for the Chairman who was granted options to acquire 10,000 Stapled Units with an exercise price of \$5.45. During 2007, the non-employee directors were each granted 6,000 options with an exercise price of \$16.26, except for the Chairman who was granted 10,000 options with an exercise price of \$16.26 and Mr. Holmes whose 6,000 options were granted in April 2007 with an exercise price of \$17.20. In each case, at the same time the directors granted such options were awarded the same number of distribution equivalent awards under the Company's Distribution Equivalent Plan, with the same expiry date and vesting terms as the corresponding options.

The following table sets out the compensation for each Director for the year ended December 31, 2008.

Name	Fees earned (\$)	Share based awards (\$)	Option-based awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension Value (\$)	All other compensation (\$) ⁽²⁾	Total (\$)
Clark S. Binkley ⁽³⁾	71,417	NIL	4,860	Nil	Nil	12,813	89,090
William C. Brown ⁽⁴⁾	79,500	NIL	4,860	Nil	Nil	31,900	116,260
V. Edward Daughney	126,500	NIL	8,100	Nil	Nil	53,166	187,766
Robert J. Holmes	78,000	NIL	4,860	Nil	Nil	3,169	86,029
Robert W. Murdoch	80,000	NIL	4,860	Nil	Nil	31,900	116,760
Conrad A. Pinette	78,500	NIL	4,860	Nil	Nil	31,900	115,260
Maria M. Pope	44,333	NIL	4,860	Nil	Nil	NIL	49,193
Kenneth A. Shields ⁽³⁾	64,041	NIL	4,860	Nil	Nil	31,900	100,801

- (1) Represents the grant date fair value of options to purchase Stapled Units granted during the relevant financial year. In determining the fair value of the options, a Black-Scholes factor \$0.81 was used based on the following assumptions (i) risk-free interest rate: 2.7%; (ii) expected volatility in the market price of change: 29.2%; (iii) expected distribution yield: 3.7%; and (iv) expected lifetime: 5 years. The options are accompanied by Distribution Equivalent Awards. See footnote (1) in the table for “Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year”. The grant date fair value of the options does not include any incremental value for accompanying Distribution Equivalent Awards. Distribution Equivalent payments made to the trustee under the Distribution Equivalent Plan with respect to the vested awards are included in the “All other compensation” column.
- (2) This column includes the following aggregate amounts paid by the Company to the trustee of the trust formed in relation to the Distribution Equivalent Plan with respect to vested awards awarded to the directors: Mr. Binkley: \$12,813; Mr. Brown: \$31,900; Mr. Daughney: \$53,166; Mr. Holmes: \$1,169; Mr. Murdoch: \$31,900; Mr. Pinette: \$31,900 and Mr. Shields: \$31,900. In addition, Mr. Holmes was paid \$2,000 in consulting fees in 2008.
- (3) Messrs. Binkley and Shields resigned from the Board on December 11, 2008.
- (4) Mr. Brown is not standing for re-election.

Incentive Plan Awards Outstanding at the End of the Most Recently Completed Financial Year

The following table sets forth information concerning outstanding options to purchase Stapled Units granted to the directors and includes awards granted before the most recently completed financial year, in their capacities as directors of the Company, as at December 31, 2008.

Name	Option -based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#) ⁽¹⁾	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units that have not vested (#)	Market or payout values of share-based awards that have not vested (\$)
Clark S. Binkley	6,000	14.98	3/11/2009	Nil	Nil	Nil
	4,000	13.94	3/11/2009	Nil	Nil	Nil
	2,000	16.26	3/11/2009	Nil	Nil	Nil
William C. Brown	37,000	8.91	2/28/2010	Nil	Nil	Nil
	6,000	12.21	2/25/2009	Nil	Nil	Nil
	6,000	15.80	2/7/2010	Nil	Nil	Nil
	6,000	13.94	2/7/2011	Nil	Nil	Nil
	6,000	16.26	2/7/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil
V. Edward Daughney	10,000	12.21	2/25/2009	Nil	Nil	Nil
	10,000	15.80	2/7/2010	Nil	Nil	Nil
	10,000	13.94	2/7/2011	Nil	Nil	Nil
	10,000	16.26	2/7/2012	Nil	Nil	Nil
	10,000	5.45	11/16/2013	Nil	Nil	Nil
Robert J. Holmes	6,000	17.20	4/26/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil
Robert W. Murdoch	6,000	12.21	2/25/2009	Nil	Nil	Nil
	6,000	15.80	2/7/2010	Nil	Nil	Nil
	6,000	13.94	2/7/2011	Nil	Nil	Nil
	6,000	16.26	2/7/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil

Conrad A. Pinette	6,000	12.21	2/25/2009	Nil	Nil	Nil
	6,000	15.80	2/7/2010	Nil	Nil	Nil
	6,000	13.94	2/7/2011	Nil	Nil	Nil
	6,000	16.26	2/7/2012	Nil	Nil	Nil
	6,000	5.45	11/16/2013	Nil	Nil	Nil
Maria M. Pope	6,000	5.45	11/16/2013	Nil	Nil	Nil
Kenneth A. Shields	6,000	12.21	3/11/2009	Nil	Nil	Nil
	6,000	15.80	3/11/2009	Nil	Nil	Nil
	4,000	13.94	3/11/2009	Nil	Nil	Nil
	2,000	16.26	3/11/2009	Nil	Nil	Nil

- (1) The options entitle the holder to acquire Stapled Units of the Company upon exercise. These options become vested and eligible for exercise over a three-year period, with one-third of the annual grants exercisable after one year, two-thirds after two years and all exercisable on the third anniversary. The Company adopted a Distribution Equivalent Plan on November 24, 2001. Subject to determination otherwise by the Company at the time of grant, a person who is granted options to acquire Stapled Units under the Company's Stapled Unit Option Plan will be granted the same number of awards under the Distribution Equivalent Plan and such awards will have the same expiry date and vesting terms as the corresponding options that are granted. The awards granted under the Distribution Equivalent Plan will only be exercisable at the same time when and if the corresponding options are exercised. At any time and from time to time, when the Company pays any distribution on the Stapled Units, the Company will pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distribution based on the number of awards granted under the Distribution Equivalent Plan. After receipt from the Company, the trustee will use such payment to purchase Stapled Units through the Toronto Stock Exchange for the trust. When a participant exercises vested awards under the Distribution Equivalent Plan at the time of exercise of the corresponding options, the trustee will release the applicable number of Stapled Units held in the trust to that participant in accordance with the terms of the Distribution Equivalent Plan.
- (2) The closing price of the Stapled Units on the Toronto Stock Exchange on December 31, 2008 was \$3.54. Subsequent to December 31, 2008, on February 17, 2009, Mr. Brown was awarded 34,261 options, Mr. Daughney was awarded 57,101 options, Mr. Emerson was awarded 34,261 options, Mr. Holmes was awarded 34,261 options, Mr. Murdoch was awarded 34,261 options, Mr. Pinette was awarded 34,261 options and Ms. Pope was awarded 34,261 options. The February 17, 2009 options had a grant price of \$3.01 per Unit. On March 4, 2009, Ms. Howe was awarded 34,261 options at a grant price of \$2.61.

Incentive Plan Awards – value vested or earned during the year

The following table sets forth information concerning the value of incentive plan awards that vested or were earned during the year.

Name	Option-based awards - Value vested during the year⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Clark S. Binkley	Nil	Nil	Nil
William C. Brown	Nil	Nil	Nil
V. Edward Daughney	Nil	Nil	Nil
Robert J. Holmes	Nil	Nil	Nil
Robert W. Murdoch	Nil	Nil	Nil
Conrad A. Pinette	Nil	Nil	Nil
Maria M. Pope	Nil	Nil	Nil
Kenneth A. Shields	Nil	Nil	Nil

- (1) All options that vested during the year had an exercise price that exceeded the market price of the underlying securities on the vesting date. Under the Company's Distribution Equivalent Plan, at any time and from time to time, when the Company pays any distribution on the Stapled units, the Company is to pay to the trustee of the trust formed in relation to the Distribution Equivalent Plan an amount proportionate to such distributions based on the number of awards granted under the Distribution Equivalent Plan. See footnote (1) in the table for "Incentive Plan Awards Outstanding at the End of the Most Recently Completed Year". The following aggregate amounts were paid by the Company to the trustee of the trust formed in relation to the Distribution Equivalent Plan with respect to the option based awards that vested during 2008: Mr. Binkley: \$6,915; Mr. Brown: \$7,668; Mr. Daughney: \$12,781; Mr. Holmes: \$1,169; Mr. Murdoch: \$7,668; Mr. Pinette: \$7,668; Ms. Pope: Nil; and Mr. Shields: \$7,668. These amounts are part of the awards referred to in Note (2) to the Director Compensation Table.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only compensation plan of the Company under which equity securities are currently authorized for issuance to employees and non-employees is the Stapled Unit Option Plan. The table below summarizes information in relation to the Stapled Units reserved for issuance under the Stapled Unit Option Plan as of December 31, 2008.

Plan	Securities to be issued upon exercise of outstanding options	Weighted average price of outstanding options	Securities remaining available for future issuance
Stapled Unit Option Plan	1,240,326 (1.6 % of the issued and outstanding Stapled Units)	\$12.85	3,489,065 (4.5 % of the issued and outstanding Stapled Units)

The Company has a Stapled Unit Option Plan under which directors, officers or employees of the Company or of any of its subsidiaries who are in active service or employment with the Company or of any of its subsidiaries (defined under the Stapled Unit Option Plan as "Eligible Persons") may be granted options to purchase Stapled Units.

Under the Stapled Unit Option Plan, options may be granted to Eligible Persons as described under the plan from time to time. The maximum number of Stapled Units which may be issued pursuant to the Stapled Unit Option Plan and all options granted thereunder will not exceed 7,000,000 Stapled Units, which amounts to approximately 9.0% of the issued and outstanding Stapled Units. 3,489,065 Stapled Units have been reserved for issuance upon exercise of options currently outstanding under the Stapled Unit Option Plan, which amounts to 4.5% of the issued and outstanding Stapled Units. The number of Stapled Units subject to any option granted under the Stapled Unit Option Plan and the related exercise price are subject to conventional provisions for their adjustment in certain events, including subdivision or consolidation of the Stapled Units. The number of Stapled Units that may be reserved for issuance to any one person pursuant to options granted under the Stapled Unit Option Plan may not exceed 5% of the issued and outstanding Stapled Units from time to time on a non-diluted basis (the "Outstanding Stapled Units"), the number of Stapled Units that may be reserved for issuance to insiders of the Company pursuant to options granted may not exceed 10% of the Outstanding Stapled Units and the number of Stapled Units that may be reserved for issuance to directors of the Company (who are not employees of the Company) pursuant to options granted may not exceed 1% of the Outstanding Stapled Units. In addition, the number of Stapled Units that may be issued to all insiders of the Company in the aggregate, or to any one insider, pursuant to options granted under the Stapled Unit Option Plan and pursuant to any other compensation arrangement involving the issuance of Stapled Units, within a one year period, may not exceed 10% and 5% of the Outstanding Stapled Units, respectively.

The Stapled Unit Option Plan is administered by the Committee. The Committee may select Eligible Persons who may be granted options under the Stapled Unit Option Plan and determine the number of Stapled Units and exercise price in respect of which options are to be granted to such persons. The Committee may also determine the expiry date of the options, provided that the date of expiry may not be later than the date which is ten years after the date of grant. Since the inception of the Distribution Equivalent Plan, the expiry date of the options is five years. All options are not transferable. If an optionee ceases to be in active employment or service with the Company or any of its subsidiaries due to death, retirement or termination with or without cause, the options

held by such optionee will be subject to early expiry as follows, unless otherwise determined by the Board of Directors:

- (a) termination for cause – expire immediately;
- (b) death – expire by the end of one year after death;
- (c) disability – continue to be exercisable in accordance with its terms;
- (d) retirement – expiry by the end of three years from the date of retirement; and
- (e) cessation of active employment or service for any other reason – expire on the 90th day after cessation.

Options granted under the Stapled Unit Option Plan may not be exercised except in accordance with such limitations, based on the passage of time after the option is granted or the satisfaction or fulfilment of any other conditions, and subject to such other provisos as the Committee may in its discretion determine to be appropriate. As long as the Stapled Units are listed on the Toronto Stock Exchange, the exercise price per Stapled Unit for each option granted pursuant to the Stapled Unit Option Plan may not be less than the weighted average trading price of the Stapled Units on the Toronto Stock Exchange over the period of five consecutive trading days ending on the trading day immediately before the date of grant.

Under the Stapled Unit Option Plan, the Committee has the right to suspend, amend or terminate the Plan without approval of optionees or Unitholders (provided that no such suspension, amendment or termination will materially prejudice the rights of any optionee under any previously granted option without the consent or deemed consent of such optionee), including without limitation:

- (a) changing the eligibility for and limitations on participation in the Plan (other than participation by non-employee directors in the Plan);
- (b) making any addition to, deletion from or alteration of the provisions of the Plan that are necessary to comply with applicable law or the requirements of any regulatory authority or Stock Exchange;
- (c) making any amendment of a typographical, grammatical, administrative or clerical nature or clarification correcting or rectifying any ambiguity, defective provision, error or omission in the Plan; and
- (d) changing the provisions relating to the administration of the Plan or the manner of exercise of the options; including
 - (i) changing or adding of any form of financial assistance provided by the Company pursuant to any Stapled Unit Compensation Plan; and
 - (ii) adding provisions relating to a cashless exercise (which will provide for a full deduction of the underlying Stapled Units from the maximum number reserved under the Plan for issuance).

Notwithstanding the foregoing powers of amendment accorded the Committee, none of the following amendments to the Plan may be made without Unitholder approval:

- (a) any amendment to the maximum number of Stapled Units reserved for issuance upon exercise of Options granted under the Plan;
- (b) any reduction in the Exercise Price or cancellation and reissuance of Options;
- (c) any amendment that extends the term of an Option beyond the original expiry date;
- (d) any amendment to Eligible Persons that may permit the introduction or re-introduction of non-employee directors on a discretionary basis or change the cap on grants of Options to non-employee directors;
- (e) any amendment which would permit equity-based awards granted under the Plan to be transferable or assignable other than for normal estate settlement purposes;
- (f) any amendment to increase the maximum limit of the number of securities that may be:
 - (i) issued to Insiders within any one year period; or
 - (ii) issuable to Insiders of the Company at any time;

- (iii) under the Plan, or combined with the Company's other Stapled Unit Compensation Arrangements, which could exceed 10% of the total issued and outstanding Stapled Units of the Company, respectively;
- (g) adding provisions relating to a cashless exercise (other than a surrender of options for cash) which does not provide for a full deduction of the underlying Stapled Units from the maximum number reserved under the Plan for issuance; and
- (h) any amendment to the amending provisions of the Plan.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed in this Information Circular, none of the directors or senior officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the beginning of the Company's last completed financial year and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any matter to be acted upon at the Meeting other than the election of directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the most recently completed financial year of the Company, no informed person of the Company, nor any person proposed to be elected as a director of the Company, nor any associate or affiliate of such persons, has had any material interest in any transaction involving the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at March 30, 2009, the aggregate indebtedness (other than routine indebtedness, as defined under applicable securities laws) to the Company and its subsidiaries of all directors and executive officers or former executive officers of the Company or any of its subsidiaries and any proposed nominee for election as a director of the Company, and associate of any such director, executive officer or former executive officer or proposed nominee was \$475,000. The following table sets out information in respect of each director, executive officer or former executive officer or proposed nominee for election as a director of the Company, or any associate of any such individual, who is, or at any time since the beginning of the financial year ended December 31, 2008 has been indebted to the Company or any of its subsidiaries.

Indebtedness of Directors and Executive Officers

Name and Principal Position	Involvement of Company or Subsidiary	Largest Amount Outstanding During Financial Year 2008 (\$)	Amount Outstanding as at March 30, 2009 (\$)
John A. Hendry ⁽¹⁾ Formerly Vice-President, Real Estate	Company as lender	475,000	475,000

⁽¹⁾Mr. Hendry left the Company on February 13, 2009 and the housing loan is repayable by December 31, 2010.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at <http://www.sedar.com>. Financial information relating to the Company is provided in the Company's comparative financial statements and MD&A for the fiscal year ended December 31, 2008, and is also available on SEDAR.

The Company will provide to any person or company, upon request to the Secretary of the Company, copies of the Company's Annual Information Form (together with a copy of any document, or the pertinent pages of any document, incorporated therein by reference), the Company's comparative consolidated financial statements for its

most recently completed financial year together with the accompanying report of the auditor, any interim financial statements of the Company that have been filed for any period subsequent to the financial statements for the Company's most recently completed financial year and the Company's information circular in respect of its most recent annual meeting of Unitholders. The Company may require the payment of a reasonable charge if the request for information is made by a person who is not a holder of the Company's securities.

EFFECTIVE DATE

Except as otherwise specified, the information set forth in this Information Circular is provided as of March 30, 2009.

APPROVAL OF THE BOARD

The contents of this Information Circular have been approved and its mailing has been authorized by the Board of Directors of the Company.

DATED as of the 30th day of March 2009.

BY ORDER OF THE BOARD OF DIRECTORS

Brenda G. Blue
Secretary

SCHEDULE “A”

TEXT OF SHAREHOLDER RESOLUTIONS EFFECTING CONVERSION OF PREFERRED SHARES AND CONSOLIDATION OF COMMON SHARES

RESOLVED AS ORDINARY RESOLUTIONS OF THE HOLDERS OF COMMON SHARES AND SPECIAL SEPARATE RESOLUTIONS OF THE HOLDERS OF PREFERRED SHARES THAT:

1. The Articles of the TimberWest Forest Corp. (the “Company”) be altered by varying the special rights and restrictions attaching to the preferred shares with a par value of 0.024456 Canadian Dollars each (the “Preferred Shares”) by adding Article 33.7 to Article 33 as set out in the attached Annex 1.
2. The Notice of Articles of the Company be altered to reflect the date of these resolutions altering the special rights and restrictions attaching to the Preferred Shares.
3. Each director and officer of the Company, acting alone, is authorized to do such other acts and execute and deliver such other instruments and documents and make such filings as may be necessary or desirable to give full effect to these resolutions.
4. Notwithstanding that the foregoing resolutions have been duly passed by the holders of common shares without par value of the Company (the “Common Shares”) and the holders of Preferred Shares, the directors of the Company, in their sole discretion, may defer acting on the foregoing resolutions or revoke the foregoing resolutions at any time before they are acted on without further approval, ratification or confirmation by the shareholders of the Company.

TAKE NOTICE pursuant to Section 259(4)(a) of the *Business Corporations Act* (British Columbia) that the alteration to the Articles of the Company contemplated by the foregoing resolutions will not take effect until the Notice of Articles of the Company is altered to reflect the alteration.

RESOLVED AS ORDINARY RESOLUTIONS OF THE HOLDERS OF COMMON SHARES THAT:

1. After giving effect to the automatic conversion of all of the issued and outstanding Preferred Shares into Common Shares pursuant to Article 33.7 of the Articles of the Company (the “Conversion”), the authorized share structure of the Company be changed to consolidate all of the issued Common Shares based on a ratio that will result in the number of Common Shares outstanding immediately after such consolidation being equal to the number of Common Shares issued and outstanding immediately prior to the Conversion and the maximum number of Common Shares that the Company is authorized to issue be reduced accordingly.
2. The Notice of Articles of the Company be altered to effect the alteration to the authorized share structure of the Company and set out for the Common Shares the changed maximum number of shares of that class that the Company is authorized to issue.
3. Each director and officer of the Company, acting alone, is authorized to do such other acts and execute and deliver such other instruments and documents and make such filings as may be necessary or desirable to give full effect to these resolutions.
4. Notwithstanding that the foregoing resolutions have been duly passed by the holders of Common Shares and the holders of Preferred Shares, the directors of the Company, in their sole discretion, may defer acting on the foregoing resolutions or revoke the foregoing resolutions at any time before they are acted on without further approval, ratification or confirmation by the shareholders of the Company.

ANNEX 1

ALTERATION OF ARTICLES

33.7 Automatic Conversion

- (a) Each issued and outstanding Preferred share will be automatically converted, with effect as of the effective time of the alteration of these Articles adding this Article 33.7 (the “Effective Time”), without any further action by the holders of Preferred shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent, into fully paid and non-assessable Common shares based on a conversion ratio to be determined by the directors of the Company with reference to the relative fair market values of the Preferred shares and Common shares at the time of such conversion as determined by an independent valuator.
- (b) No fractional Common share shall be issued upon the conversion of any Preferred shares and, in the event that a holder of Preferred shares would otherwise be entitled to receive a fractional Common share in connection with such conversion, the number of Common shares to be issued to such holder shall be rounded down to the nearest whole share.
- (c) At the Effective Time, the rights of a holder of Preferred shares in respect of the Preferred shares converted into Common shares shall cease and be of no further force or effect including, without limitation, any dividends or liquidation rights as set forth herein. Concurrently with any such registered holder ceasing to be a holder of Preferred shares, the holder shall be considered and deemed for all purposes to be the holder of the Common shares issuable to it pursuant to this Article 33.7, the Preferred shares held by such holder shall be deemed to have been converted into Common shares, and the Stapled Unit certificates formerly representing, among other securities, such Preferred shares shall cease to represent any interest in such Preferred shares and shall be deemed to represent in lieu of such interest in Preferred shares only the right to receive the Common shares issuable to the holder upon the conversion of the Preferred shares in accordance with this Article 33.7.

SCHEDULE “B”

TEXT OF SHAREHOLDER RESOLUTIONS AUTHORIZING THE ISSUANCE OF ADDITIONAL CONVERTIBLE DEBENTURES AND UNDERLYING STAPLED UNITS IN RESPECT OF THE PAYMENT-IN-KIND OF INTEREST

RESOLVED AS ORDINARY RESOLUTIONS OF THE HOLDERS OF COMMON SHARES THAT:

1. The issuance by the Company of an additional principal amount of 9% Extendible Convertible Debentures (“Public Debentures”), and the increase in the aggregate principal amount of the 9% Convertible Debentures previously issued by the Company to bcIMC (PPTW) Investment Corporation and bcIMC (WCBAF PPTW) Investment Corporation (“Private Debentures” and, together with the Public Debentures, “Convertible Debentures”), in lieu of payment of interest on the Convertible Debentures in cash in respect of four quarterly interest payments (such Convertible Debentures, the “Payment-in-Kind Debentures”), and the issuance by the Company of up to 4,150,000 Stapled Units (including all the component securities thereof) issuable upon conversion of the Payment-in-Kind Debentures, is hereby authorized and approved.
2. Each director and officer of the Company, acting alone, is authorized to do such other acts and execute and deliver such other instruments and documents and make such filings as may be necessary or desirable to give full effect to these resolutions.