

WEYERHAEUSER

EARNINGS RESULTS: 3rd Quarter 2014

October 31, 2014



FORWARD-LOOKING STATEMENT

This presentation contains statements concerning the company's future results and performance that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on various assumptions and may not be accurate because of risks and uncertainties surrounding these assumptions. Factors listed below, as well as other factors, may cause actual results to differ significantly from these forward-looking statements. There is no guarantee that any of the events anticipated by these forward-looking statements will occur. If any of the events occur, there is no guarantee what effect they will have on company operations or financial condition. The company will not update these forward-looking statements after the date of this presentation.

Some forward-looking statements discuss the company's plans, strategies and intentions. They use words such as "expects," "may," "will," "believes," "should," "approximately," "anticipates," "estimates," and "plans." In addition, these words may use the positive or negative or other variations of those terms.

This presentation contains forward-looking statements regarding the company's expectations during the fourth quarter of 2014, including with respect to earnings, log realizations, road maintenance and silviculture costs, dispositions of non-strategic timberlands, sales volumes across the Wood Products product lines, realizations in lumber and oriented strand board, and product demand and maintenance expenses in Cellulose Fibers.

Major risks, uncertainties and assumptions that affect the company's businesses and may cause actual results to differ from these forward-looking statements, include, but are not limited to:

- the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages, and strength of the U.S. dollar;
- market demand for the company's products, which is related to the strength of the various U.S. business segments and U.S. and international economic conditions;
- performance of the company's manufacturing operations, including maintenance requirements;
- the level of competition from domestic and foreign producers;
- the successful execution of internal performance plans, including restructurings and cost reduction initiatives;
- raw material prices;
- energy prices;
- the effect of weather;
- the risk of loss from fires, floods, windstorms, hurricanes, pest infestation and other natural disasters;
- transportation availability and costs;
- federal tax policies;
- the effect of forestry, land use, environmental and other governmental regulations;
- legal proceedings;
- performance of pension fund investments and related derivatives;
- the effect of timing of retirements and changes in the market price of company stock on charges for stock-based compensation;
- changes in accounting principles; and
- other factors described under "Risk Factors" in the Company's annual report on Form 10-K and quarterly reports on Form 10-Q.

The company also is a large exporter and is affected by changes in economic activity in Europe and Asia, particularly Japan and China. It is affected by changes in currency exchange rates, particularly the relative value of the U.S. dollar to the euro and the Canadian dollar and the relative value of the euro to the yen. Restrictions on international trade or tariffs imposed on imports also may affect the company.



NON-GAAP FINANCIAL MEASURES

- **During the course of this presentation, certain non-U.S. GAAP financial information will be presented. A reconciliation of those numbers to U.S. GAAP financial measures is included in this presentation which is available on the company's website at *www.weyerhaeuser.com***



2014 Q3 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2014		2014 Change
	Q2	Q3	
Contribution to Earnings Before Special Items			
Timberlands	\$ 170	\$ 136	\$ (34)
Wood Products	102	105	3
Cellulose Fibers	91	59	(32)
Unallocated Items	9	10	1
Total Contribution to Earnings Before Special Items	\$ 372	\$ 310	\$ (62)
Adjusted EBITDA ¹	\$ 472	\$ 414	\$ (58)

1. A reconciliation to GAAP is set forth on Chart 17.
2. Other income, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net; interest income and other; and net loss attributable to non-controlling interests. Interest income and other includes approximately \$8 million of income from special purpose entity (SPE) investments for each quarter presented.
3. Interest expense is net of capitalized interest and includes approximately \$7 million of expense on special purpose entity (SPE) notes for each quarter presented.
4. Income taxes attributable to special items are included in Special items, after-tax. An explanation is set forth on Chart 2.
5. A reconciliation to GAAP is set forth on Chart 2.
6. Discontinued operations relate to Weyerhaeuser Real Estate Company (WRECO), which was combined with TRI Pointe Homes, Inc. (TRI Pointe) through a Reverse Morris Trust transaction on July 7, 2014. It was previously reported under the Real Estate segment and Unallocated Items. Third quarter earnings of \$966 million is primarily related to the gain on the divestiture of WRECO.

\$ Millions EXCEPT EPS	2014		2014 Q3
	Q2	Q3	
Consolidated Statement of Operations Before Special Items			
Net sales	\$ 1,964	\$ 1,915	
Cost of products sold	1,499	1,504	
Gross margin	465	411	
SG&A expenses	115	101	
Other income, net ²	(22)	—	
Total Contribution to Earnings Before Special Items	\$ 372	\$ 310	
Interest expense, net ³	(83)	(88)	
Income taxes ⁴	(44)	(33)	
Dividends on preference shares	(11)	(11)	
Net Earnings from Continuing Operations to Common Shareholders Before Special Items⁵	\$ 234	\$ 178	
Special items, after-tax	24	9	
Earnings from discontinued operations, net of income taxes ⁶	22	966	
Net Earnings to Common Shareholders	\$ 280	\$ 1,153	
Diluted EPS from Continuing Operations Before Special Items⁵	\$ 0.40	\$ 0.33	
Diluted EPS from Continuing Operations	\$ 0.43	\$ 0.35	
Diluted EPS	\$ 0.47	\$ 2.15	



EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions EXCEPT EPS	2014 Q2			2014 Q3		
	Pre-Tax Earnings ¹	After-Tax Earnings	Diluted EPS	Pre-Tax Earnings ¹	After-Tax Earnings	Diluted EPS
Earnings From Continuing Operations Before Special Items	\$ 289	\$ 234	\$ 0.40	\$ 222	\$ 178	\$ 0.33
Special Items:						
Gain on postretirement plan amendment	45	29	0.04	23	15	0.03
Restructuring, impairments, and other charges ²	(6)	(5)	(0.01)	(8)	(6)	(0.01)
Total Special Items	39	24	0.03	15	9	0.02
Earnings from Discontinued Operations	27	22	0.04	971	966	1.80
Earnings Including Special Items (GAAP)	\$ 355	\$ 280	\$ 0.47	\$ 1,208	\$ 1,153	\$ 2.15

1. Earnings before income taxes and dividends on preference shares.

2. 2014 Q3 and Q2 includes restructuring charges related to the SG&A cost reduction initiative announced during 2013 Q4.



TIMBERLANDS SEGMENT

Chart 3

3rd Quarter Notes

- Lower sales volumes and realizations in the West
- Higher sales volumes and slightly improved realizations in the South
- Lower earnings from disposition of non-strategic timberlands

TIMBERLANDS (\$ Millions)	2014	2014
Segment Statement of Operations	Q2	Q3
Third party sales ²	\$ 396	\$ 358
Intersegment sales ²	143	141
Total Sales	539	499
Cost of products sold ²	354	348
Gross margin	185	151
SG&A expenses ²	24	24
Other income, net ^{2,3}	(9)	(9)
Contribution to Earnings	\$ 170	\$ 136
Adjusted EBITDA¹	\$ 221	\$ 187
Gross Margin Percentage⁴	34%	30%
Operating Margin Percentage⁵	32%	27%

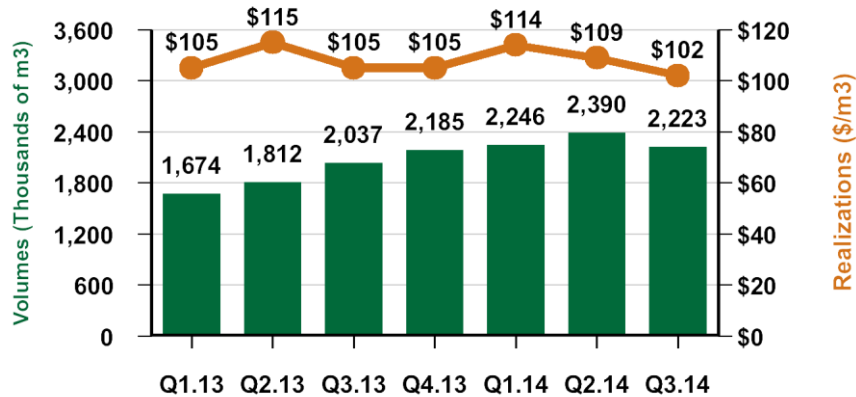
1. A reconciliation to GAAP is set forth on Chart 17.
2. 2014 Q3 excludes \$6 million of third party sales, \$77 million of intersegment sales, \$84 million in cost of products sold, \$1 million of SG&A and \$2 million of other income for Canadian Forestland operations, compared with \$1 million of third party sales, \$43 million of intersegment sales, \$45 million in cost of products sold, \$1 million of SG&A and \$2 million of other income in 2014 Q2.
3. Other income, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net; interest income and other; and net loss attributable to non-controlling interests.
4. Gross margin divided by total sales excluding Canadian Forestlands operations. Timberlands makes no margin on Canadian Forestlands operations, which are operated as a cost center for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities.
5. Contribution to earnings divided by total sales excluding Canadian Forestlands operations.



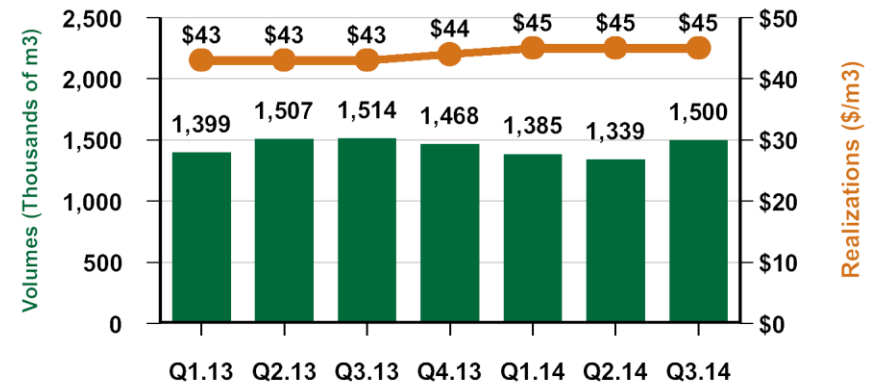
SALES VOLUMES AND REALIZATIONS

Chart 4

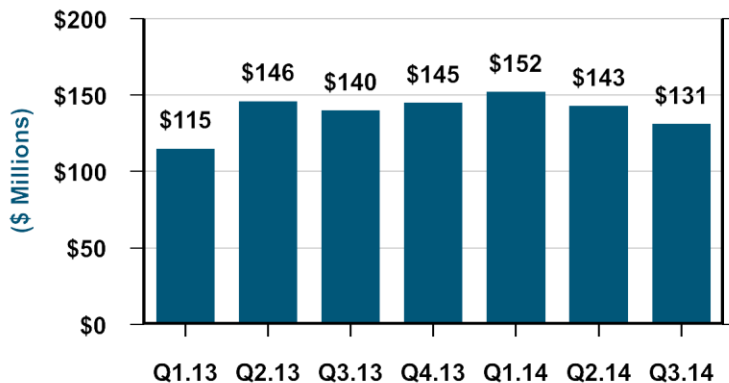
3rd-Party Log Sales and Realizations - West¹



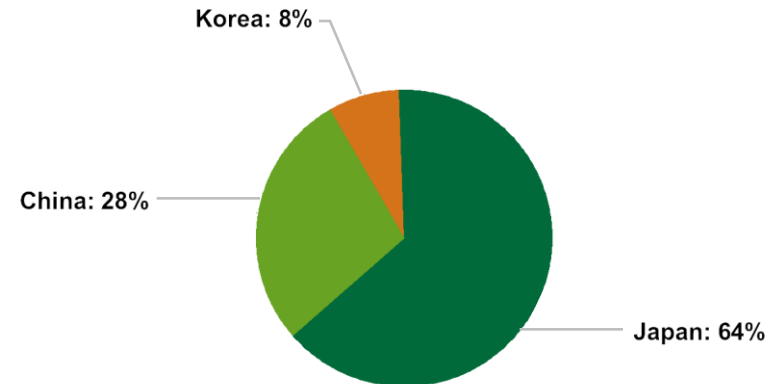
3rd-Party Log Sales and Realizations - South



Export Log Revenue^{1,2}



Export Log Revenue by Country^{1,2}



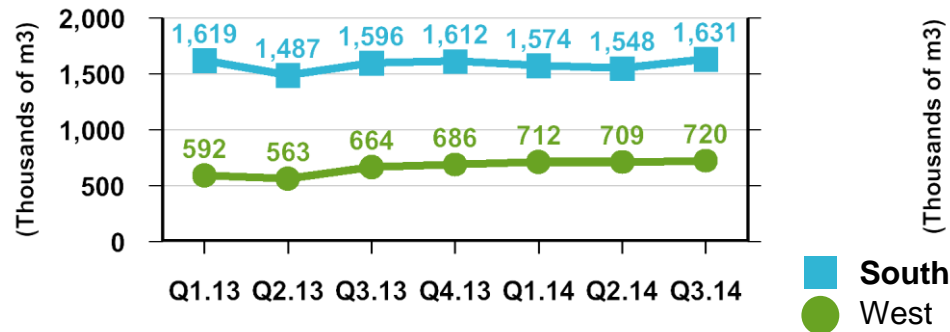
2014 Q3



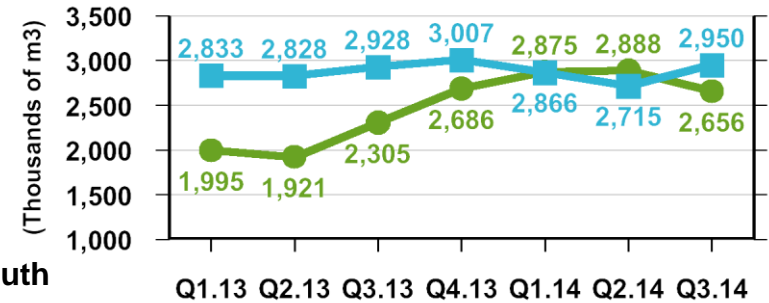
WESTERN/SOUTHERN TIMBERLANDS

Chart 5

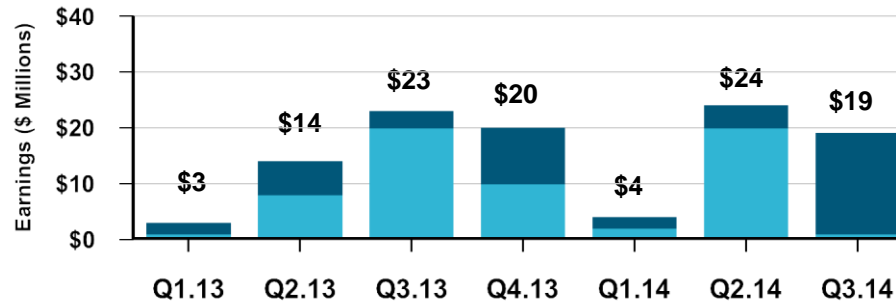
Intersegment Log Sales Volume¹



Fee Harvest Volume²



Earnings from Timberland Dispositions



- HBU Sales, including Non-Strategic Timberlands
- Like Kind Exchange (IRC Section 1031)

	Q1.13	Q2.13	Q3.13	Q4.13	Q1.14	Q2.14	Q3.14
HBU Sales, including Non-Strategic Timberlands	\$2	\$6	\$3	\$10	\$2	\$4	\$18
Like Kind Exchange (IRC Section 1031)	\$1	\$8	\$20	\$10	\$2	\$20	\$1

1. Western volumes for 2013 Q3 and forward include results from the Longview Timber acquisition and have been restated to reflect sales from timberlands to other Weyerhaeuser business segments only.
2. Beginning in 2013 Q3, Western volumes include results from the Longview Timber acquisition. Western fee harvest for 2014 Q3 includes 878 thousand m3 from the Longview Timber acquisition, compared with 988 thousand m3 in 2014 Q2.



WOOD PRODUCTS SEGMENT

Chart 6

WOOD PRODUCTS (\$ Millions)	2014	2014
EBITDA by Business	Q2	Q3
Lumber	\$ 85	\$ 93
OSB	14	11
Engineered Wood Products	30	27
Distribution	3	5
Other	—	(1)
Total Adjusted EBITDA¹	\$ 132	\$ 135

3rd Quarter Notes

- Increased realizations in lumber and engineered wood products
- Lower Western log costs
- Lower oriented strand board realizations

WOOD PRODUCTS (\$ Millions)	2014	2014
Segment Statement of Operations	Q2	Q3
Third party sales	\$ 1,077	\$ 1,048
Intersegment sales	21	20
Total sales	1,098	1,068
Cost of products sold	939	910
Gross margin	159	158
SG&A expenses	53	53
Other expenses, net ²	4	—
Contribution to Earnings	\$ 102	\$ 105
Total Adjusted EBITDA¹	\$ 132	\$ 135
Gross Margin Percentage³	14%	15%
Operating Margin Percentage⁴	9%	10%

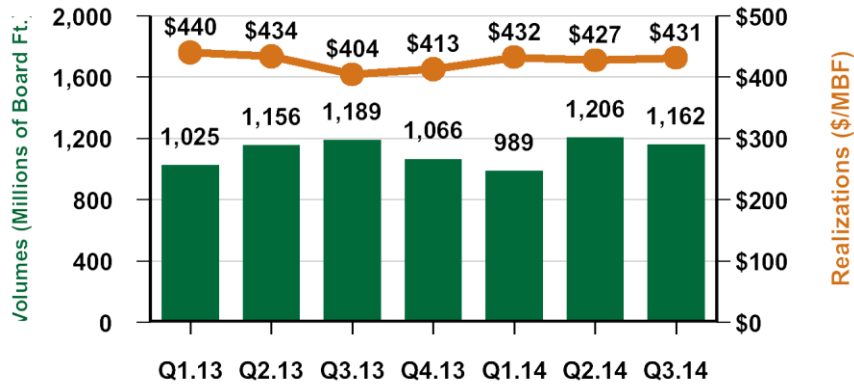
1. A reconciliation to GAAP is set forth on Chart 19. Adjusted EBITDAs for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price.
2. Other expenses, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net; interest income and other; and net loss attributable to non-controlling interests.
3. Gross margin divided by total sales.
4. Contribution to earnings before special items divided by total sales.



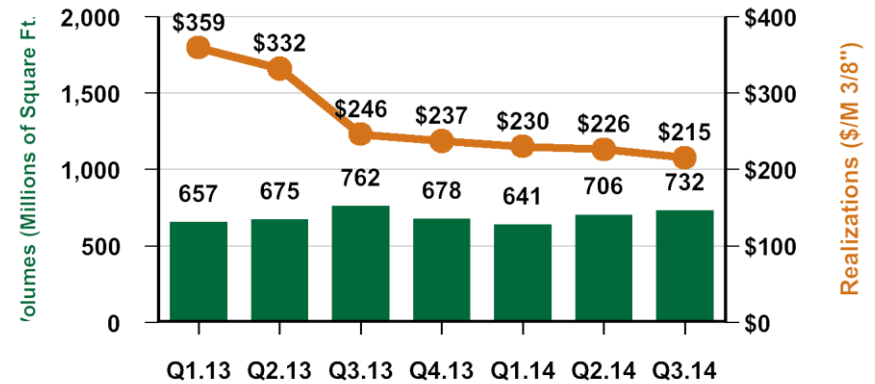
3RD-PARTY SALES VOLUMES AND REALIZATIONS¹

Chart 7

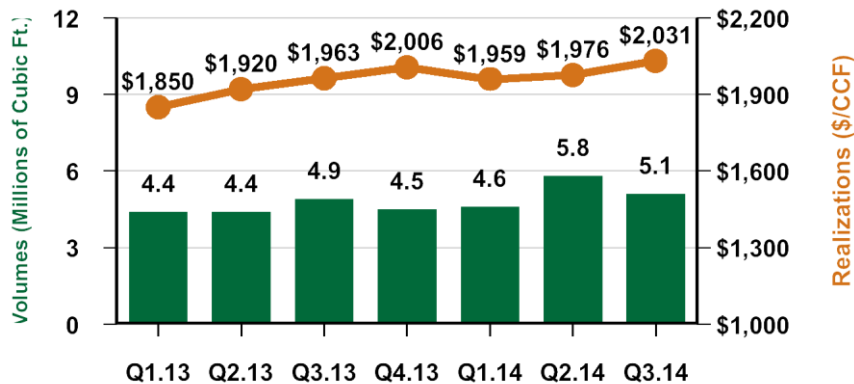
Lumber



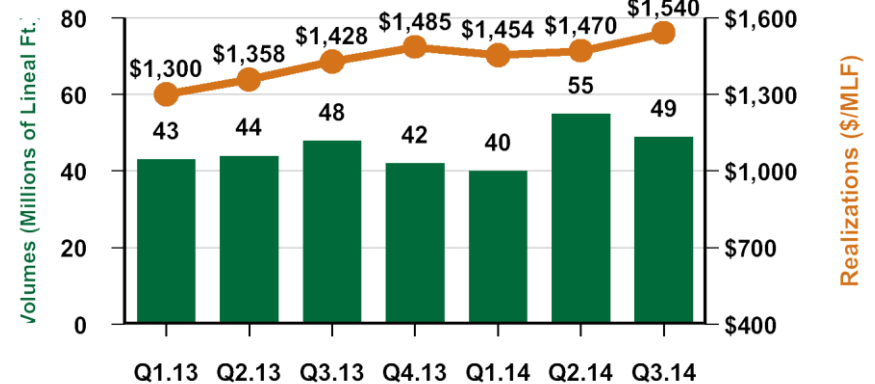
OSB



Engineered Wood - Solid Section



Engineered Wood - TJI's



1. Third party sales include sales of internally produced products and products purchased for resale, primarily through the Distribution business.



CELLULOSE FIBERS SEGMENT

Chart 8

3rd Quarter Notes

- Higher realizations for pulp and liquid packaging board
- Higher maintenance costs due to planned outages in liquid packaging board and within the pulp mill system

CELLULOSE FIBERS (\$ Millions)	2014	2014
Segment Statement of Operations	Q2	Q3
Total Sales	\$ 490	\$ 503
Cost of products sold	381	427
Gross margin	109	76
SG&A expenses	24	21
Other income, net ¹	(6)	(4)
Contribution to Earnings	\$ 91	\$ 59
Adjusted EBITDA²	\$ 130	\$ 99
Gross Margin Percentage³	22%	15%
Operating Margin Percentage⁴	19%	12%

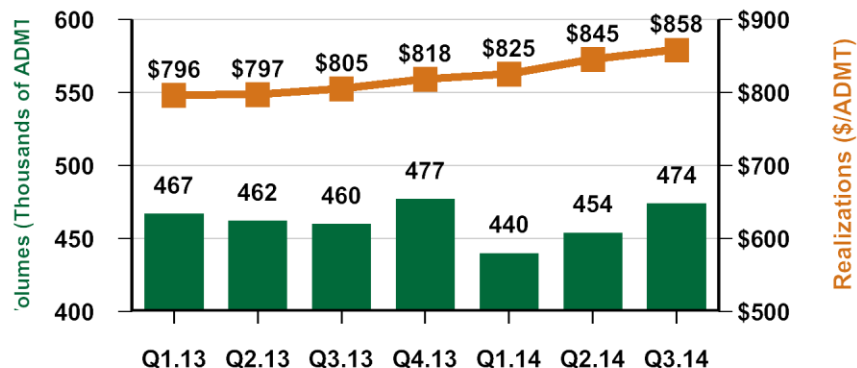
1. Other income, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net; interest income and other; and net loss attributable to non-controlling interests.
2. A reconciliation to GAAP is set forth on Chart 17.
3. Gross margin divided by total sales.
4. Contribution to earnings divided by total sales.



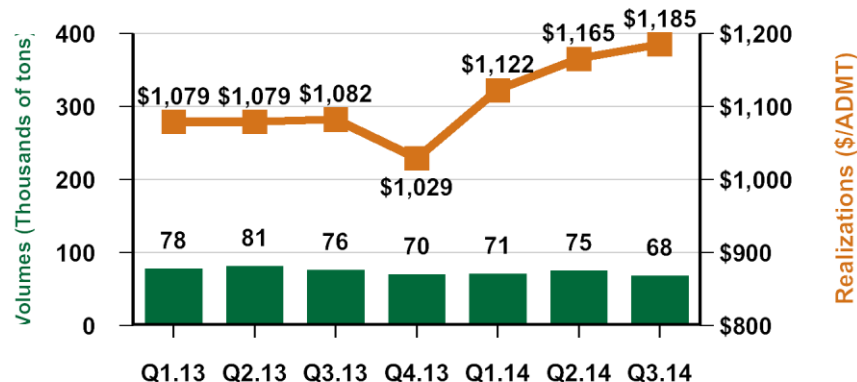
CELLULOSE FIBERS SEGMENT

Chart 9

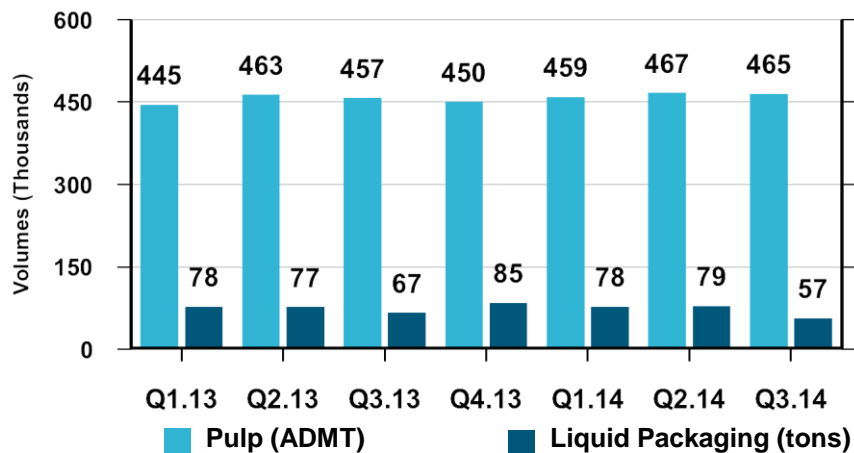
3rd-Party Sales Volumes and Realizations - Pulp



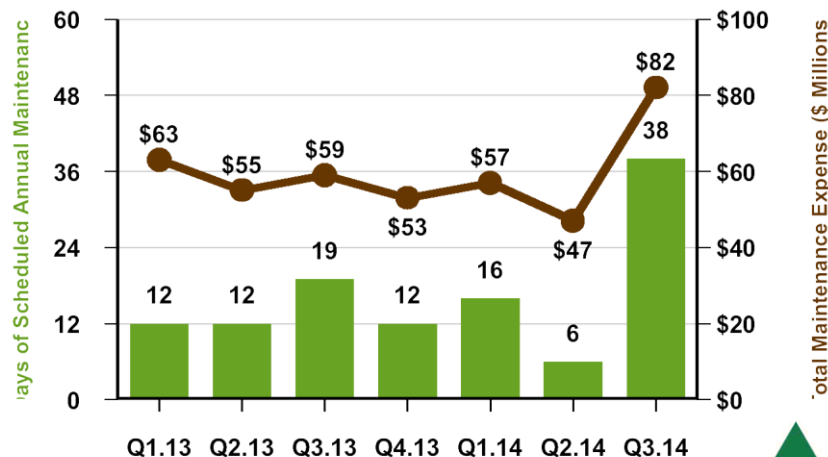
3rd-Party Sales Volumes and Realizations - Liquid Packaging



Production Volumes



Maintenance Expense and Scheduled Maintenance Outage Days¹



1. Includes expenses for annual maintenance outages and other maintenance costs.



UNALLOCATED ITEMS¹

Chart 10

UNALLOCATED ITEMS (\$ Millions)	2014	2014
	Q2	Q3
Unallocated corporate function expenses	\$ (7)	\$ (3)
Unallocated share-based compensation	(6)	1
Unallocated pension & postretirement credits	11	12
Foreign exchange gains (losses)	13	(14)
Elimination of intersegment profit in inventory and LIFO	(1)	12
Other, including interest income	(1)	2
Contribution to Earnings Before Special Items	\$ 9	\$ 10
Special items, pre-tax	39	15
Contribution to Earnings	\$ 48	\$ 25
Adjusted EBITDA²	\$ (11)	\$ (7)

UNALLOCATED ITEMS (\$ Millions)	2014	2014
By Natural Expense	Q2	Q3
Credit to products sold ³	\$ 12	\$ 26
G&A expenses ⁴	(12)	(3)
Other income (expense), net	9	(13)
Contribution to Earnings Before Special Items	\$ 9	\$ 10
Special items, pre-tax	39	15
Contribution to Earnings	\$ 48	\$ 25

1. Unallocated items are gains or charges not related to or allocated to an individual operating segment. They include a portion of items such as: share-based compensation; pension and postretirement costs; foreign exchange transaction gains and losses associated with outstanding borrowings; and the elimination of intersegment profit in inventory and the LIFO reserve.
2. A reconciliation to GAAP is set forth on Chart 17.
3. Cost of products sold is comprised primarily of elimination of intersegment profit in inventory and LIFO.
4. G&A expense is comprised primarily of unallocated: share-based compensation; pension and postretirement costs; and corporate function expenses.



OUTLOOK: 2014 Q4

Chart 11

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Higher realizations and increased road costs in the West• Higher silviculture costs in the South• Expect earnings from disposition of non-strategic timberlands and miscellaneous items to be approximately \$15 million lower• Excluding earnings from non-strategic timberlands and miscellaneous items, expect earnings to be comparable to 2014 Q3
WOOD PRODUCTS	<ul style="list-style-type: none">• Seasonally lower sales volumes across product lines• Lower realizations for lumber and oriented strand board• Expect 2014 Q4 earnings to be significantly lower than 2014 Q3, but comparable to 2013 Q4
CELLULOSE FIBERS	<ul style="list-style-type: none">• Continued strong demand• Decrease in scheduled maintenance outage days and maintenance costs• Expect 2014 Q4 earnings to be significantly higher than 2014 Q3



FINANCIAL ITEMS

Chart 12

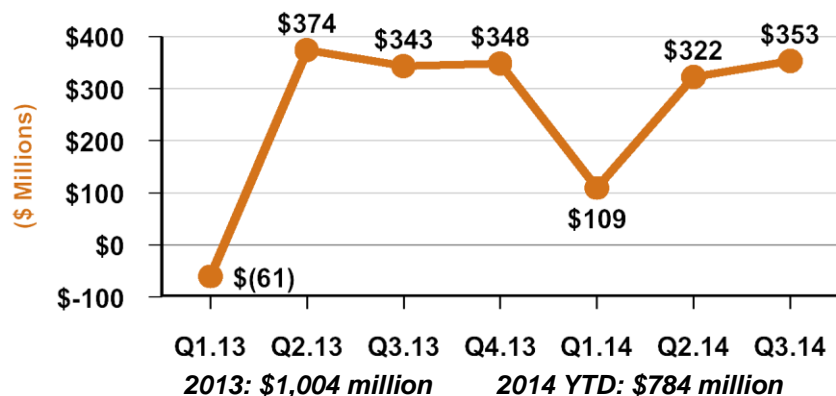
KEY FINANCIAL METRICS (\$ Millions)	2014 Q2	2014 Q3
Ending Cash Balance ¹	\$ 845	\$ 1,620
Long-Term Debt	\$ 4,891	\$ 4,891
Gross Debt to Adjusted EBITDA (LTM) ²	3.1	3.1
Net Debt to Enterprise Value ³	17%	16%

Scheduled Debt Maturities as of September 30, 2014

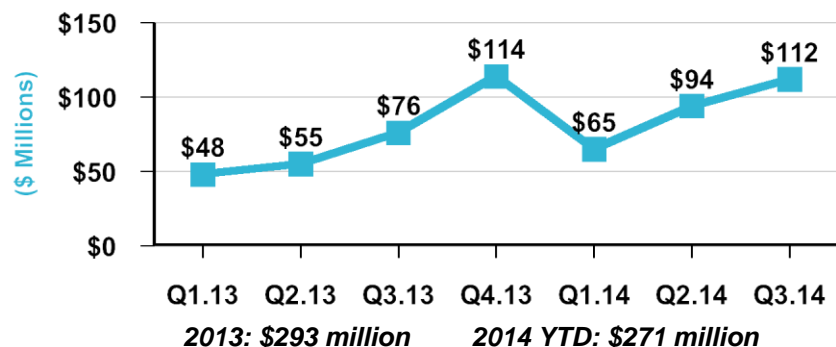
(\$ Millions)	2014	2015	2016	2017	2018
Debt Maturities	\$ —	\$ —	\$ —	\$ 281	\$ 62

1. Excludes discontinued operations.
2. LTM = last twelve months. A reconciliation to GAAP is set forth on Chart 20.
3. Long-term debt, net of cash and equivalents, divided by enterprise value. Enterprise value is defined as long term debt, net of cash and equivalents, plus market capitalization.
4. Includes discontinued operations.

Cash from Operations⁴



Capital Expenditures⁴



RETURNING CASH TO SHAREHOLDERS *Chart 13*

- Increased quarterly dividend by 32 percent to \$0.29 per share
- Reduced share count by over 10 percent
 - Retired approximately 59 million shares in conjunction with WRECO divestiture
 - Repurchased \$130 million of common shares, 19 percent of August 2014 authorization

Common Shares Outstanding (millions)	2014 Q3
Beginning of Period	587
Shares tendered in WRECO divestiture	(59)
Common shares repurchased	(4)
Shares issued for share-based compensation	1
End of Period¹	525

1. Basic and diluted weighted average shares outstanding for third quarter 2014 were 532 million, and 536 million respectively. Weyerhaeuser's 13.8 million mandatory convertible preference shares are currently antidilutive and are not included in the computation of diluted shares outstanding.



APPENDIX



PENSION AND POSTRETIREMENT EXPENSE

Chart 14

\$ Millions	2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Net Pension and Postretirement Costs¹							
Timberlands	\$ 2	\$ 3	\$ 2	\$ 3	\$ 3	\$ 3	\$ 2
Wood Products	7	6	8	7	5	6	6
Cellulose Fibers	4	5	5	4	2	3	3
Unallocated Items	10	10	11	9	(10)	(11)	(12)
Total Company Pension and Postretirement Costs	\$ 23	\$ 24	\$ 26	\$ 23	\$ —	\$ 1	\$ (1)

1. Net pension and postretirement cost (credit) excludes special items and discontinued operations, as well as the recognition of curtailments, settlements and special termination benefits due to closures, restructuring or divestitures.



EARNINGS SUMMARY

Chart 15

\$ Millions EXCEPT EPS	2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Contribution to Earnings Before Special Items							
Timberlands	\$ 104	\$ 114	\$ 118	\$ 134	\$ 164	\$ 170	\$ 136
Wood Products	178	136	79	58	64	102	105
Cellulose Fibers	31	57	47	65	54	91	59
Unallocated Items	(50)	(6)	20	(30)	(14)	9	10
Total Contribution to Earnings before Special Items	\$ 263	\$ 301	\$ 264	\$ 227	\$ 268	\$ 372	\$ 310
Interest expense, net ¹	(82)	(80)	(94)	(88)	(83)	(83)	(88)
Income taxes ²	(39)	(36)	(24)	(17)	(31)	(44)	(33)
Dividends on preference shares ³	—	(2)	(10)	(11)	(11)	(11)	(11)
Net Earnings from Continuing Operations to Common Shareholders Before Special Items	\$ 142	\$ 183	\$ 136	\$ 111	\$ 143	\$ 234	\$ 178
Earnings from discontinued operations, before special items, net of tax	2	13	21	46	10	22	966
Net Earnings before Special Items ⁴	\$ 144	\$ 196	\$ 157	\$ 157	\$ 153	\$ 256	\$ 1,144
Special items, after-tax	—	—	—	(114)	30	24	9
Net Earnings to Common Shareholders	\$ 144	\$ 196	\$ 157	\$ 43	\$ 183	\$ 280	\$ 1,153
Diluted EPS from Continuing Operations ^{3,4}	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.44	\$ 2.13
Diluted EPS ³	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.07	\$ 0.31	\$ 0.47	\$ 2.15

1. Interest expense is net of capitalized interest and includes approximately \$7 million of expense on special purpose entity (SPE) notes for each quarter presented. 2013 Q4 excludes a \$25 million pre-tax loss on extinguishment of debt, which is reported as part of special items.
2. Income taxes attributable to special items are included in Special items, after-tax. An explanation is set forth on Chart 2.
3. During 2013 Q2, Weyerhaeuser issued 13.8 million mandatory convertible preference shares with a conversion date of July 1, 2016. These shares are currently antidilutive and are not included in the calculation of diluted EPS.
4. A reconciliation to GAAP Net Income is set forth at www.weyerhaeuser.com. A reconciliation to GAAP EPS is set forth on Chart 16.



EARNINGS PER SHARE RECONCILIATION

Chart 16

\$ Millions EXCEPT EPS	2013				2014		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Weighted Average Shares Outstanding, Diluted^{1,2}	551	558	587	589	589	590	536
Diluted EPS Before Special Items	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.44	\$ 2.13
Special Items:							
Gain on postretirement plan amendment	—	—	—	—	0.05	0.04	0.03
Gain on sale of non-strategic asset	—	—	—	—	0.02	—	—
Restructuring, impairments, and other charges	—	—	—	(0.42)	(0.02)	(0.01)	(0.01)
Tax adjustments	—	—	—	0.29	—	—	—
Loss on early extinguishment of debt	—	—	—	(0.05)	—	—	—
Costs related to real estate divestiture	—	—	—	(0.02)	—	—	—
Diluted EPS (GAAP)	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.07	\$ 0.31	\$ 0.47	\$ 2.15

1. During 2013 Q2, Weyerhaeuser issued 29 million common shares in conjunction with the acquisition of Longview Timber LLC. The company also issued 13.8 million mandatory convertible preference shares with a conversion date of July 1, 2016. During 2013 Q3, the company issued an additional 4.35 million common shares in connection with the exercise of an over-allotment option. The mandatory convertible preference shares are currently antidilutive and are not included in the calculation of diluted EPS.
2. During 2014 Q3, Weyerhaeuser retired approximately 59 million shares in conjunction with the divestiture of Weyerhaeuser Real Estate Company (WRECO), which was combined with TRI Pointe Homes, Inc. through a Reverse Morris Trust transaction on July 7, 2014.



EBITDA RECONCILIATION BY SEGMENT

Chart 17

\$ MILLIONS	2014 Q2					2014 Q3				
	Timberlands	Wood Products	Cellulose Fibers	Unallocated Items	Total	Timberlands	Wood Products	Cellulose Fibers	Unallocated Items	Total
Adjusted EBITDA¹	\$ 221	\$ 132	\$ 130	\$ (11)	\$ 472	\$ 187	\$ 135	\$ 99	\$ (7)	\$ 414
Depletion, depreciation & amortization	(51)	(30)	(39)	(2)	(122)	(51)	(30)	(39)	(3)	(123)
Non-operating pension & postretirement credits	—	—	—	11	11	—	—	—	12	12
Special items	—	—	—	39	39	—	—	—	15	15
Operating Income (GAAP)	\$ 170	\$ 102	\$ 91	\$ 37	\$ 400	\$ 136	\$ 105	\$ 60	\$ 17	\$ 318
Interest income and other	—	—	—	11	11	—	—	(1)	8	7
Net Contribution to Earnings	\$ 170	\$ 102	\$ 91	\$ 48	\$ 411	\$ 136	\$ 105	\$ 59	\$ 25	\$ 325
Interest expense, net					(83)					(88)
Income taxes					(59)					(39)
Earnings from discontinued operations, net of tax					22					966
Net Earnings (GAAP)					\$ 291					\$1,164
Dividend on preference shares					(11)					(11)
Net Earnings to Common Shareholders (GAAP)					\$ 280					\$1,153

1. Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs not allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost / credit), special items and discontinued operations. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.



EBITDA RECONCILIATION - TIMBERLANDS

Chart 18

\$ MILLIONS	2014 Q2			2014 Q3		
	Legacy Timberlands	Longview Timber acquisition	Total	Legacy Timberlands	Longview Timber acquisition	Total
Adjusted EBITDA¹	\$ 170	\$ 51	\$ 221	\$ 151	\$ 36	\$ 187
Depletion, depreciation & amortization	(35)	(16)	(51)	(37)	(14)	(51)
Special items	—	—	—	—	—	—
Operating Income (GAAP)	\$ 135	\$ 35	\$ 170	\$ 114	\$ 22	\$ 136
Interest income and other	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 135	\$ 35	\$ 170	\$ 114	\$ 22	\$ 136

- Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs not allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost / credit), special items and discontinued operations. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.



EBITDA RECONCILIATION - WOOD PRODUCTS

Chart 19

\$ Millions	2014 Q2						2014 Q3					
	Lumber	OSB	ELP	Distribution	Other	Total	Lumber	OSB	ELP	Distribution	Other	Total
Adjusted EBITDA¹	\$ 85	\$ 14	\$ 30	\$ 3	\$ —	\$ 132	\$ 93	\$ 11	\$ 27	\$ 5	\$ (1)	\$ 135
Depletion, depreciation & amortization	(10)	(8)	(11)	(1)	—	(30)	(11)	(7)	(10)	(2)	—	(30)
Special items	—	—	—	—	—	—	—	—	—	—	—	—
Operating Income (GAAP)	\$ 75	\$ 6	\$ 19	\$ 2	\$ —	\$ 102	\$ 82	\$ 4	\$ 17	\$ 3	\$ (1)	\$ 105
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 75	\$ 6	\$ 19	\$ 2	\$ —	\$ 102	\$ 82	\$ 4	\$ 17	\$ 3	\$ (1)	\$ 105

- Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs not allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost / credit), special items and discontinued operations. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.



GROSS DEBT TO EBITDA RECONCILIATION

Chart 20

\$ MILLIONS	2014	
	Q2	Q3
Gross Debt to Adjusted EBITDA (LTM)^{1,2}	3.1	3.1
Long-Term Debt	\$ 4,891	\$ 4,891
Adjusted EBITDA (LTM)¹	\$ 1,559	\$ 1,603
Depletion, depreciation & amortization	(486)	(493)
Non-operating pension & postretirement costs	1	24
Special Items	(278)	(263)
Operating Income (LTM) (GAAP)	\$ 796	\$ 871
Interest income and other	57	43
Net Contribution to Earnings	\$ 853	\$ 914
Interest expense, net of capitalized interest	(373)	(367)
Income taxes	137	122
Net Earnings (LTM) (GAAP)	\$ 617	\$ 669
Earnings from discontinued operations, net of income taxes	89	1,034
Dividends on preference shares	(43)	(44)
Net Earnings to Common Shareholders (LTM) (GAAP)	\$ 663	\$ 1,659

1. LTM = last twelve months.

2. Gross debt to adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Gross debt to adjusted EBITDA, as we define it, is long-term debt divided by the last twelve months of adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs not allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost / credit), special items and discontinued operations. Gross debt to adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.

