

WEYERHAEUSER

EARNINGS RESULTS: 2nd Quarter 2014

August 1, 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 third quarter of 2014, including with respect to earnings, domestic and export log prices, fee harvest levels and realizations, expenses, including road and silviculture costs, dispositions of non-strategic timberlands, prices and realizations across the Wood Products product lines, log costs, and maintenance time and expenses.

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 Q2 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2014		2014 Change
	Q1	Q2	
Contribution to Earnings Before Special Items			
Timberlands	\$ 164	\$ 170	\$ 6
Wood Products	64	102	38
Cellulose Fibers	54	91	37
Unallocated Items	(14)	9	23
Total Contribution to Earnings Before Special Items¹	\$ 268	\$ 372	\$ 104
Adjusted EBITDA^{1,2}	\$ 372	\$ 472	\$ 100

1. We have reclassified certain results from the prior periods to present the results of operations discontinued in 2014 separately. Our reclassifications had no effect on net earnings or Weyerhaeuser shareholders' interest. Discontinued operations relate to WRECO, which was combined with TRI Pointe Homes, Inc. through a Reverse Morris Trust transaction on July 7, 2014. It was previously reported under the Real Estate segment and Unallocated Items.
2. A reconciliation to GAAP is set forth on Chart 17.
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. Interest income and other includes approximately \$8 million of income from special purpose entity (SPE) investments for each quarter presented.
4. Interest expense is net of capitalized interest and includes approximately \$7 million of expense on special purpose entity (SPE) notes for each quarter presented.
5. Income taxes attributable to special items are included in Special items, after-tax. An explanation is set forth on Chart 2.
6. A reconciliation to GAAP is set forth on Chart 2.

\$ Millions EXCEPT EPS	2014	
	2014 Q1	2014 Q2
Consolidated Statement of Operations Before Special Items		
Net sales	\$ 1,736	\$ 1,964
Cost of products sold	1,361	1,499
Gross margin	375	465
SG&A expenses	116	115
Other income, net ³	(9)	(22)
Total Contribution to Earnings Before Special Items	\$ 268	\$ 372
Interest expense, net ⁴	(83)	(83)
Income taxes ⁵	(31)	(44)
Earnings from discontinued operations, net of income taxes	10	22
Dividends on preference shares	(11)	(11)
Net Earnings to Common Shareholders Before Special Items⁶	\$ 153	\$ 256
Special items, after-tax	30	24
Net Earnings to Common Shareholders¹	\$ 183	\$ 280
Diluted EPS from Continuing Operations Before Special Items⁶	\$ 0.24	\$ 0.40
Diluted EPS Before Special Items⁶	\$ 0.26	\$ 0.44
Diluted EPS	\$ 0.31	\$ 0.47



EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions EXCEPT EPS	2014 Q1			2014 Q2		
	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	\$ 185	\$ 143	\$ 0.24	\$ 289	\$ 234	\$ 0.40
Special Items:						
Gain on postretirement plan amendment	45	29	0.05	45	29	0.04
Gain on sale of non-strategic asset	22	14	0.02	—	—	—
Restructuring, impairments, and other charges ²	(18)	(13)	(0.02)	(6)	(5)	(0.01)
Total Special Items	49	30	0.05	39	24	0.03
Earnings from Discontinued Operations	16	10	0.02	27	22	0.04
Earnings Including Special Items (GAAP)	\$ 250	\$ 183	\$ 0.31	\$ 355	\$ 280	\$ 0.47

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

2. 2014 Q2 and Q1 includes restructuring charges related to the SG&A cost reduction initiative announced during 2013 Q4.



TIMBERLANDS SEGMENT

Chart 3

2nd Quarter Notes

- Higher sales volumes and slightly lower realizations in the West
- Seasonally higher Western logging and road costs
- Lower Southern fee harvest volumes due to wet weather
- Higher earnings from disposition of non-strategic timberlands

TIMBERLANDS (\$ Millions)		2014	2014
Segment Statement of Operations		Q1	Q2
Third party sales ²		\$ 371	\$ 396
Intersegment sales ²		143	143
Total Sales		514	539
Cost of products sold ²		329	354
Gross margin		185	185
SG&A expenses ²		27	24
Other income, net ^{2,3}		(6)	(9)
Contribution to Earnings		\$ 164	\$ 170
Adjusted EBITDA¹		\$ 216	\$ 221
Gross Margin Percentage⁴		36%	34%
Operating Margin Percentage⁵		32%	32%

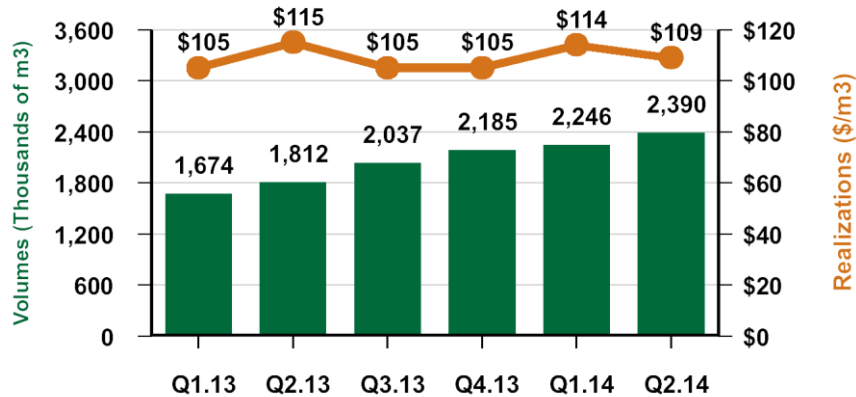
1. A reconciliation to GAAP is set forth on Chart 17.
2. 2014 Q2 excludes \$1 million of third party sales, \$43 million of intersegment sales, \$45 million in cost of products sold, \$1 million of SG&A and \$2 million of other expense for Canadian Forestland operations, compared with \$6 million of third party sales, \$95 million of intersegment sales, \$102 million in cost of products sold, \$1 million of SG&A and \$2 million of other income in 2014 Q1.
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.



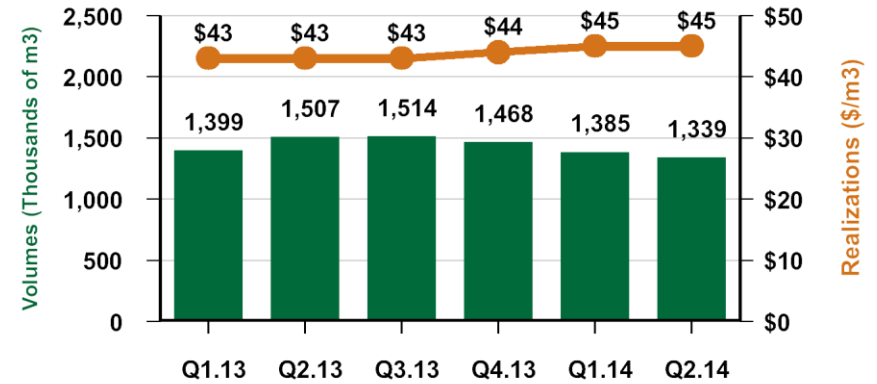
SALES VOLUMES AND REALIZATIONS

Chart 4

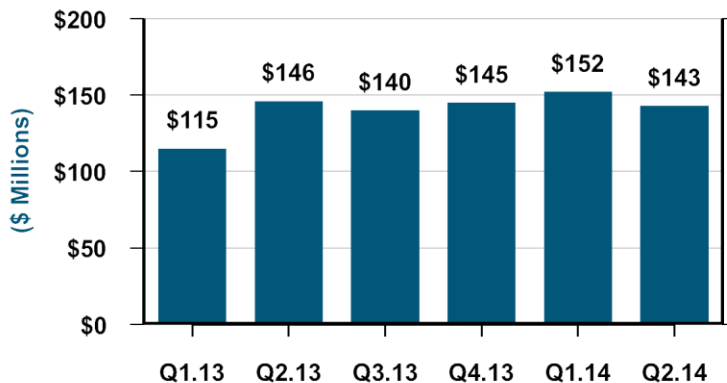
3rd-Party Log Sales and Realizations - West¹



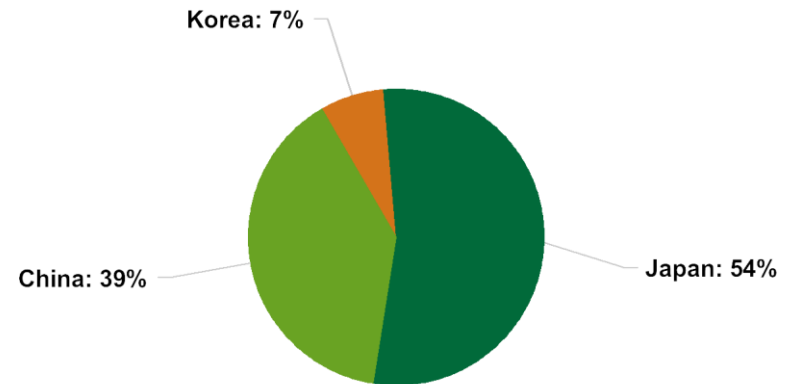
3rd-Party Log Sales and Realizations - South



Export Log Revenue^{1,2}



Export Log Revenue by Country^{1,2}



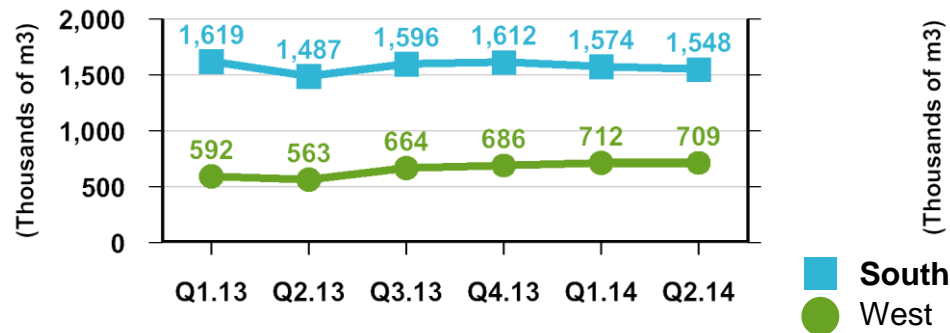
2014 Q2



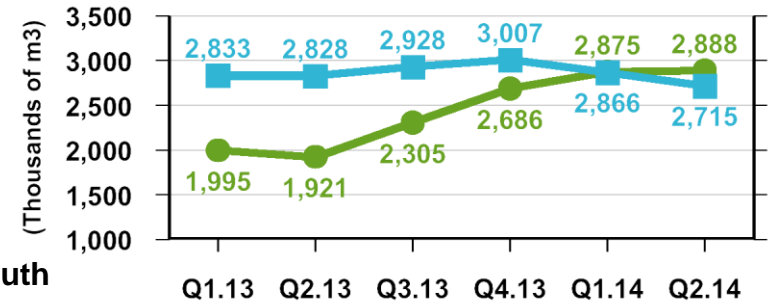
WESTERN/SOUTHERN TIMBERLANDS

Chart 5

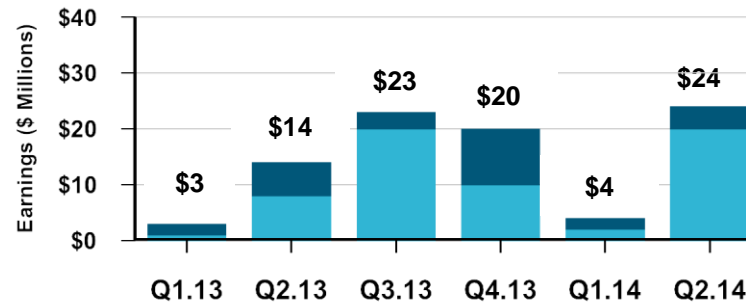
Intersegment Log Sales Volume¹



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
HBU Sales, including Non-Strategic Timberlands	\$2	\$6	\$3	\$10	\$2	\$4
Like Kind Exchange (IRC Section 1031)	\$1	\$8	\$20	\$10	\$2	\$20

- 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.
- Beginning in 2013 Q3, Western volumes include results from the Longview Timber acquisition. Western fee harvest for 2014 Q2 includes 988 thousand m3 from the Longview Timber acquisition, compared with 921 thousand m3 in 2014 Q1.



WOOD PRODUCTS SEGMENT

Chart 6

WOOD PRODUCTS (\$ Millions)	2014	2014
EBITDA by Business	Q1	Q2
Lumber	\$ 76	\$ 85
OSB	14	14
Engineered Wood Products	8	30
Distribution	(5)	3
Other	—	—
Total Adjusted EBITDA¹	\$ 93	\$ 132

2nd Quarter Notes

- Seasonally higher sales volumes across all product lines
- Increased realizations for engineered wood products
- Lower lumber and oriented strand board realizations
- Improved per unit manufacturing costs and increased production volumes for lumber and engineered wood products
- Significantly improved earnings from engineered wood products

WOOD PRODUCTS (\$ Millions)	2014	2014
Segment Statement of Operations	Q1	Q2
Third party sales	\$ 898	\$ 1,077
Intersegment sales	19	21
Total sales	917	1,098
Cost of products sold	791	939
Gross margin	126	159
SG&A expenses	62	53
Other expenses, net ²	—	4
Contribution to Earnings	\$ 64	\$ 102
Total Adjusted EBITDA¹	\$ 93	\$ 132
Gross Margin Percentage³	14%	14%
Operating Margin Percentage⁴	7%	9%

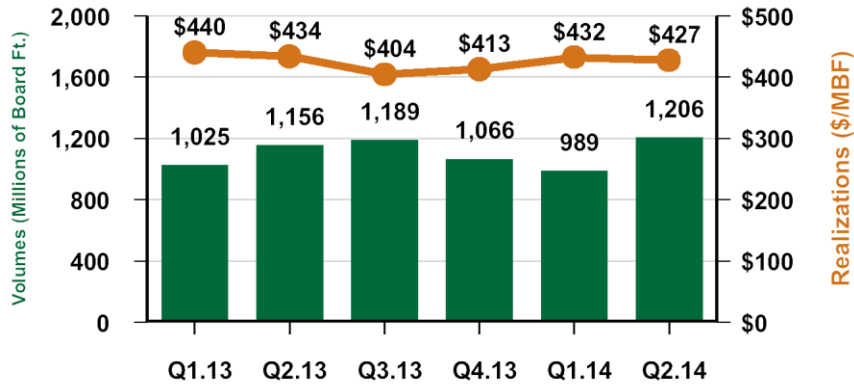
1. A reconciliation to GAAP is set forth on Chart 19. Adjusted EBITDAs for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price.
2. Other expenses, net includes: R&D expense, charges for restructuring, 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.



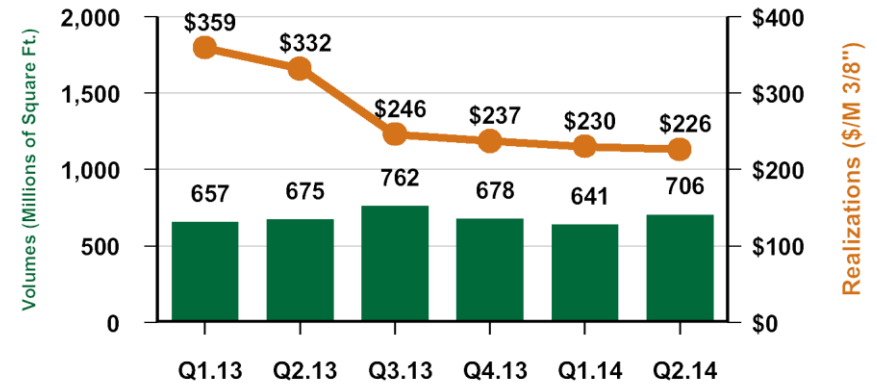
3RD-PARTY SALES VOLUMES AND REALIZATIONS¹

Chart 7

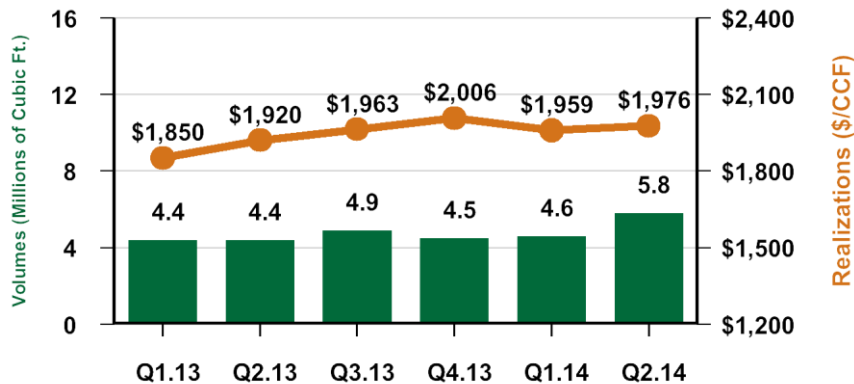
Lumber



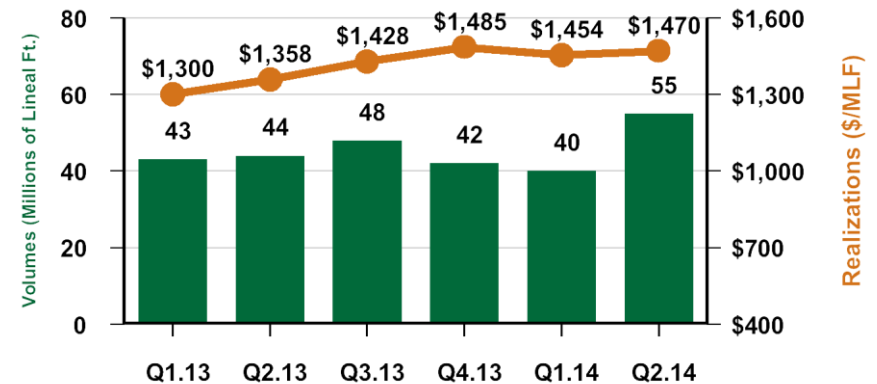
OSB



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

2nd Quarter Notes

- Higher realizations and increased sales volumes for pulp and liquid packaging board
- Strong operating performance
- Decreased maintenance costs due to fewer scheduled annual outage days

CELLULOSE FIBERS (\$ Millions)	2014	2014
Segment Statement of Operations	Q1	Q2
Total Sales	\$ 461	\$ 490
Cost of products sold	390	381
Gross margin	71	109
SG&A expenses	24	24
Other income, net ¹	(7)	(6)
Contribution to Earnings	\$ 54	\$ 91
Adjusted EBITDA²	\$ 92	\$ 130
Gross Margin Percentage³	15%	22%
Operating Margin Percentage⁴	12%	19%

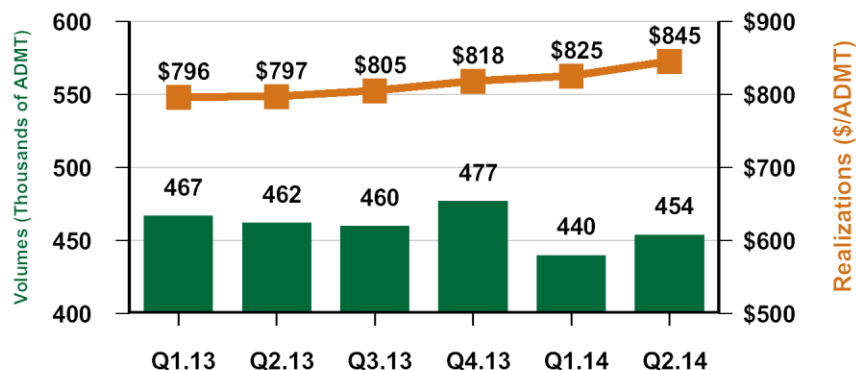
1. Other income, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net; interest income and other; and net loss attributable to non-controlling interests.
2. A reconciliation to GAAP is set forth on Chart 17.
3. Gross margin divided by total sales.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



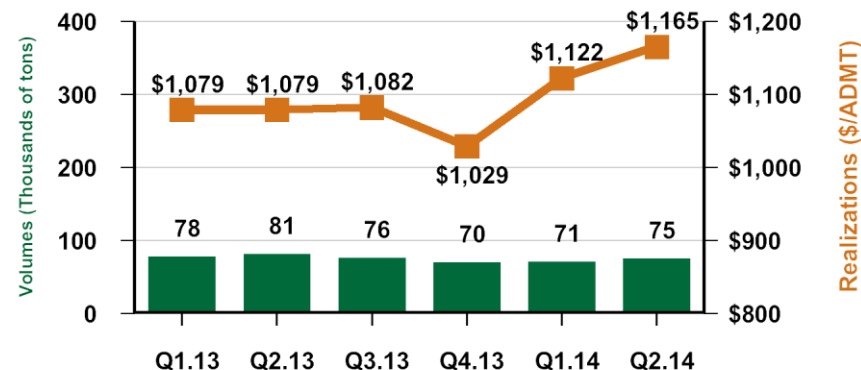
CELLULOSE FIBERS SEGMENT

Chart 9

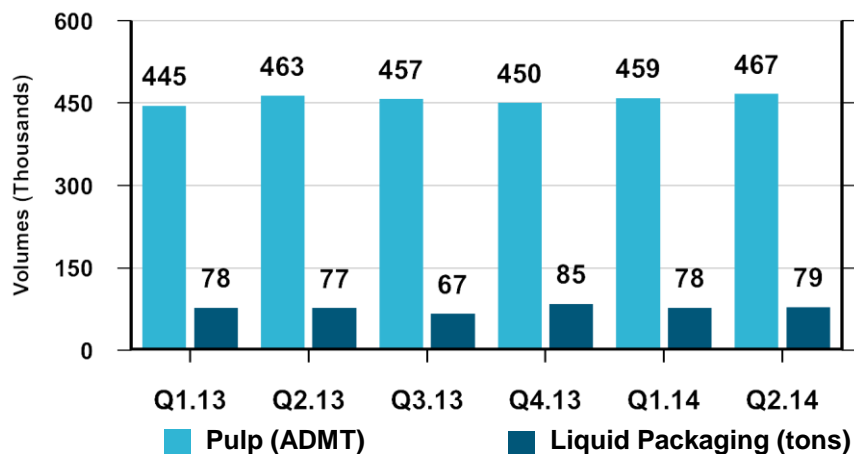
3rd-Party Sales Volumes and Realizations - Pulp



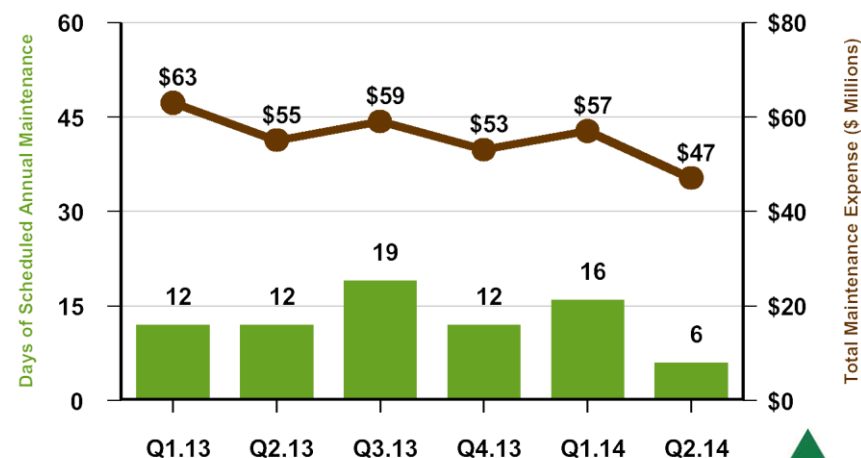
3rd-Party Sales Volumes and Realizations - Liquid Packaging



Production Volumes



Maintenance Expense and Scheduled Maintenance Outage Days¹



UNALLOCATED ITEMS¹

Chart 10

UNALLOCATED ITEMS (\$ Millions)	2014	2014
	Q1	Q2
Unallocated corporate function expenses	\$ (2)	\$ (1)
Unallocated share-based compensation	3	(6)
Unallocated pension & postretirement (costs) credits	10	11
Foreign exchange gains (losses)	(15)	13
Elimination of intersegment profit in inventory and LIFO	(19)	(1)
Other, including interest income	9	(7)
Contribution (Charge) to Earnings Before Special Items	\$ (14)	\$ 9
Special items, pre-tax	49	39
Contribution to Earnings⁵	\$ 35	\$ 48
Adjusted EBITDA^{2,5}	\$ (29)	\$ (11)

UNALLOCATED ITEMS (\$ Millions)	2014	2014
	Q1	Q2
By Natural Expense		
(Cost of) credit to products sold ³	\$ (6)	\$ 12
G&A expenses ⁴	(5)	(12)
Other income (expense), net	(3)	9
Contribution (Charge) to Earnings Before Special Items	\$ (14)	\$ 9
Special items, pre-tax	49	39
Contribution to Earnings⁵	\$ 35	\$ 48

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.
5. We have reclassified certain results from the prior periods to present the results of operations discontinued in 2014 separately. Our reclassifications had no effect on net earnings or Weyerhaeuser shareholders' interest.



DISCONTINUED OPERATIONS¹

Chart 11

2nd Quarter Notes

- Includes items related to Weyerhaeuser Real Estate Company (WRECO), which was divested on July 7
- Seasonally higher closings

DISCONTINUED OPERATIONS (\$ Millions)	2014	2014
Segment Statement of Operations	Q1	Q2
Total sales	\$ 248	\$ 317
Income from operations	\$ 16	\$ 27
Income taxes	(6)	(5)
Net Earnings from Discontinued Operations	\$ 10	\$ 22

1. Discontinued operations relate to WRECO, which was combined with TRI Pointe Homes, Inc. through a Reverse Morris Trust transaction on July 7, 2014. It was previously reported under the Real Estate segment and Unallocated Items.



OUTLOOK: 2014 Q3

Chart 12

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none"> ● Seasonally lower sales volumes for Western logs and lower realizations ● Decreased Western fee harvest ● Increased Southern fee harvest ● Seasonally higher silviculture and road costs ● Decreased earnings from disposition of non-strategic timberlands ● Expect 2014 Q3 earnings to be significantly lower than 2014 Q2, but comparable to 2013 Q3
WOOD PRODUCTS	<ul style="list-style-type: none"> ● Slightly lower realizations for lumber and oriented strand board with relatively consistent sales volumes ● Improved realizations for engineered wood products ● Lower Western log costs ● Expect 2014 Q3 earnings to be comparable to 2014 Q2
CELLULOSE FIBERS	<ul style="list-style-type: none"> ● Extended outage at liquid packaging board facility for scheduled maintenance and capital improvements ● Increase in scheduled maintenance outage days within pulp mill system ● Continued strong fluff pulp demand ● Expect 2014 Q3 earnings to be significantly lower than 2014 Q2



FINANCIAL ITEMS

Chart 13

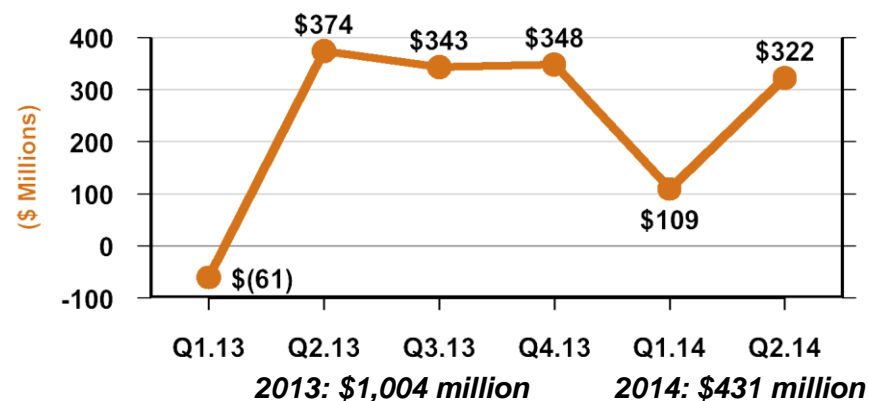
KEY FINANCIAL METRICS (\$ Millions)	2014 Q1	2014 Q2
Ending Cash Balance ¹	\$ 777	\$ 845
Long-Term Debt	\$ 4,891	\$ 4,891
Gross Debt to Adjusted EBITDA (LTM) ²	3.3	3.1
Net Debt to Enterprise Value ³	19%	17%

Scheduled Debt Maturities as of June 30, 2014

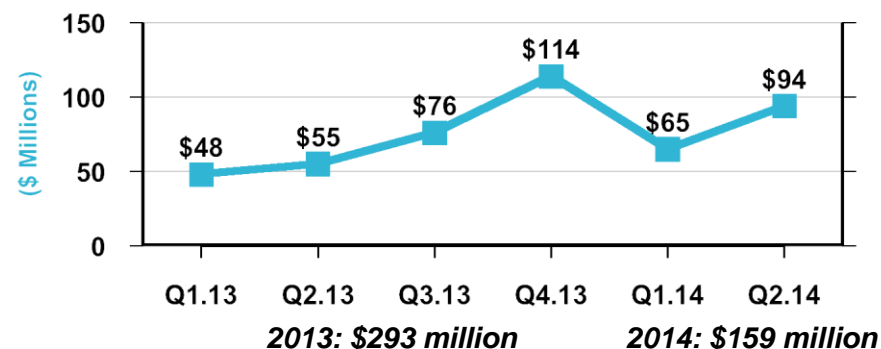
(\$ Millions)	2014	2015	2016	2017	2018
Debt Maturities	\$ —	\$ —	\$ —	\$ 281	\$ 62

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



APPENDIX



PENSION AND POSTRETIREMENT EXPENSE

Chart 14

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

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
Contribution to Earnings Before Special Items						
Timberlands	\$ 104	\$ 114	\$ 118	\$ 134	\$ 164	\$ 170
Wood Products	178	136	79	58	64	102
Cellulose Fibers	31	57	47	65	54	91
Unallocated Items	(50)	(6)	20	(30)	(14)	9
Total Contribution to Earnings before Special Items	\$ 263	\$ 301	\$ 264	\$ 227	\$ 268	\$ 372
Interest expense, net ¹	(82)	(80)	(94)	(88)	(83)	(83)
Income taxes ²	(39)	(36)	(24)	(17)	(31)	(44)
Earnings from discontinued operations, before special items, net of tax	2	13	21	46	10	22
Dividends on preference shares ³	—	(2)	(10)	(11)	(11)	(11)
Net Earnings before Special Items⁴	\$ 144	\$ 196	\$ 157	\$ 157	\$ 153	\$ 256
Special items, after-tax	—	—	—	(114)	30	24
Net Earnings to Common Shareholders	\$ 144	\$ 196	\$ 157	\$ 43	\$ 183	\$ 280
Diluted EPS before Special Items^{3,4}	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.44
Diluted EPS³	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.07	\$ 0.31	\$ 0.47

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
Weighted Average Shares Outstanding, Diluted¹	551	558	587	589	589	590
Diluted EPS Before Special Items	\$ 0.26	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.44
Special Items:						
Gain on postretirement plan amendment	—	—	—	—	0.05	0.04
Gain on sale of non-strategic asset	—	—	—	—	0.02	—
Restructuring, impairments, and other charges	—	—	—	(0.42)	(0.02)	(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

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 overallotment option. The mandatory convertible preference shares are currently antidilutive and are not included in the calculation of diluted EPS.



EBITDA RECONCILIATION BY SEGMENT

Chart 17

\$ MILLIONS	2014 Q1					2014 Q2				
	Timberlands	Wood Products	Cellulose Fibers	Unallocated Items	Total	Timberlands	Wood Products	Cellulose Fibers	Unallocated Items	Total
Adjusted EBITDA¹	\$ 216	\$ 93	\$ 92	\$ (29)	\$ 372	\$ 221	\$ 132	\$ 130	\$ (11)	\$ 472
Depletion, depreciation & amortization	(52)	(29)	(38)	(4)	(123)	(51)	(30)	(39)	(2)	(122)
Non-operating pension & postretirement (costs) credits	—	—	—	10	10	—	—	—	11	11
Special items	—	—	—	49	49	—	—	—	39	39
Operating Income (GAAP)	\$ 164	\$ 64	\$ 54	\$ 26	\$ 308	\$ 170	\$ 102	\$ 91	\$ 37	\$ 400
Interest income and other	—	—	—	9	9	—	—	—	11	11
Net Contribution to Earnings	\$ 164	\$ 64	\$ 54	\$ 35	\$ 317	\$ 170	\$ 102	\$ 91	\$ 48	\$ 411
Interest expense, net					(83)					(83)
Income taxes					(50)					(59)
Earnings from discontinued operations, net of tax					10					22
Net Earnings (GAAP)					\$ 194					\$ 291
Dividend on preference shares					(11)					(11)
Net Earnings to Common Shareholders (GAAP)					\$ 183					\$ 280

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 Q1			2014 Q2		
	Legacy Timberlands	Longview Timber acquisition	Total	Legacy Timberlands	Longview Timber acquisition	Total
Adjusted EBITDA¹	\$ 163	\$ 53	\$ 216	\$ 170	\$ 51	\$ 221
Depletion, depreciation & amortization	(37)	(15)	(52)	(35)	(16)	(51)
Special items	—	—	—	—	—	—
Operating Income (GAAP)	\$ 126	\$ 38	\$ 164	\$ 135	\$ 35	\$ 170
Interest income and other	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 126	\$ 38	\$ 164	\$ 135	\$ 35	\$ 170

- 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 Q1						2014 Q2					
	Lumber	OSB	EWP	Distribution	Other	Total	Lumber	OSB	EWP	Distribution	Other	Total
Adjusted EBITDA¹	\$ 76	\$ 14	\$ 8	\$ (5)	\$ —	\$ 93	\$ 85	\$ 14	\$ 30	\$ 3	\$ —	\$ 132
Depletion, depreciation & amortization	(10)	(8)	(10)	(1)	—	(29)	(10)	(8)	(11)	(1)	—	(30)
Special items	—	—	—	—	—	—	—	—	—	—	—	—
Operating Income (GAAP)	\$ 66	\$ 6	\$ (2)	\$ (6)	\$ —	\$ 64	\$ 75	\$ 6	\$ 19	\$ 2	\$ —	\$ 102
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 66	\$ 6	\$ (2)	\$ (6)	\$ —	\$ 64	\$ 75	\$ 6	\$ 19	\$ 2	\$ —	\$ 102

- 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	
	Q1	Q2
Gross Debt to Adjusted EBITDA (LTM)^{1,2}	3.3	3.1
Long-Term Debt	\$ 4,891	\$ 4,891
Adjusted EBITDA (LTM)¹	\$ 1,498	\$ 1,559
Depletion, depreciation & amortization	(472)	(486)
Non-operating pension & postretirement costs	(20)	1
Special Items	(317)	(278)
Operating Income (LTM) (GAAP)	\$ 689	\$ 796
Interest income and other	54	57
Net Contribution to Earnings	\$ 743	\$ 853
Interest expense, net of capitalized interest	(370)	(373)
Income taxes	160	137
Net Earnings (LTM) (GAAP)	\$ 533	\$ 617
Earnings from discontinued operations, net of income taxes	80	89
Dividends on preference shares	(34)	(43)
Net Earnings to Common Shareholders (LTM) (GAAP)	\$ 579	\$ 663

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.

