

# WEYERHAEUSER



**EARNINGS RESULTS | 4th Quarter 2016 | February 3, 2017**



# FORWARD-LOOKING STATEMENT

This slide 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 our current expectations and various assumptions that are subject to risks and uncertainties. Factors that are described from time to time in our filings with the Securities and Exchange Commission, as well as other factors not described herein or therein, 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 risks materialize or if any of our assumptions proves inaccurate, our expectations may not be realized, and there is no guarantee what effect, if any, such risks or inaccurate assumptions will have on our results of operations, cash flow or financial condition. Unless otherwise indicated, all forward-looking statements are as of the date they are made, and we undertake no obligation to update these forward-looking statements, whether as a result of new information, the occurrence of future events or otherwise.

Some forward-looking statements discuss the company's plans, strategies, expectations and intentions. They use words such as “outlook,” “expects,” “may,” “will,” “believes,” “should,” “approximately,” “anticipates,” “estimates,” “plans,” or other similar words. In addition, these words may use the positive or negative or another variation of those and similar words.

This slide presentation specifically contains forward-looking statements regarding the company's expectations during the first quarter of 2017, including without limitation with respect to: earnings and Adjusted EBITDA for the company's three business segments (Timberlands; Real Estate, Energy and Natural Resources; and Wood Products); timber harvest volumes, log sales volumes, log export mix, log sales realizations, and forestry and silviculture expense; real estate sales volumes; and wood products sales volumes and realizations for lumber and OSB and operating rates and manufacturing costs across Wood Products product lines.



# 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](http://www.weyerhaeuser.com)*
- Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Effective for 2016, we have revised our definition of Adjusted EBITDA to add back the basis of real estate sold. We have revised our prior-period presentation to conform to our current reporting.
- Adjusted EBITDA, as we define it, is operating income from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures.
- Our definition of Adjusted EBITDA may be different from similarly titled measures reported by other companies. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.



# 2016 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2015	2016	
Adjusted EBITDA			Change
Timberlands	\$ 678	\$ 865	\$ 187
Real Estate, Energy & Natural Resources	98	189	91
Wood Products	372	641	269
Unallocated Items	(123)	(112)	11
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 1,025</b>	<b>\$ 1,583</b>	<b>\$ 558</b>
Contribution to Earnings from Continuing Operations Before Special Items	\$ 729	\$ 1,070	\$ 341

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 20**.
2. Includes R&D expenses; charges for restructuring, closures and impairments; other operating income, net; and interest income and other. Interest income and other includes approximately: \$32 million of income from SPE investments for each period presented; and \$20 million of income from an investment in our timberland joint venture for 2016.
3. Interest expense is net of capitalized interest and includes approximately: \$28 million on SPE notes for each period presented; and \$19 million of expense on a note payable to our timberland joint venture for 2016.
4. An explanation of special items and a reconciliation to GAAP are set forth on **Chart 20**.
5. Earnings from discontinued operations, net of income taxes includes \$546 of after-tax gain on the sale of discontinued operations for 2016.

\$ Millions EXCEPT EPS	2015	2016
Consolidated Statement of Operations Before Special Items		
<b>Net sales</b>	<b>\$ 5,246</b>	<b>\$ 6,365</b>
Cost of products sold	4,121	4,926
Gross margin	1,125	1,439
SG&A expenses	358	421
Other (income) expense, net <sup>2</sup>	38	(52)
<b>Total Contribution to Earnings from Continuing Operations Before Special Items</b>	<b>\$ 729</b>	<b>\$ 1,070</b>
Interest expense, net <sup>3</sup>	(341)	(431)
Income taxes <sup>4</sup>	38	(83)
Dividends on preference shares	(44)	(22)
<b>Net Earnings from Continuing Operations to Common Shareholders Before Special Items<sup>4</sup></b>	<b>\$ 382</b>	<b>\$ 534</b>
Special items, after-tax <sup>4</sup>	(15)	(141)
Earnings from discontinued operations, net of income taxes <sup>5</sup>	95	612
<b>Net Earnings to Common Shareholders</b>	<b>\$ 462</b>	<b>\$ 1,005</b>
<b>Diluted EPS from Continuing Operations Before Special Items<sup>4</sup></b>	<b>\$ 0.74</b>	<b>\$ 0.75</b>
<b>Diluted EPS</b>	<b>\$ 0.89</b>	<b>\$ 1.39</b>



# 2016 Q4 CONSOLIDATED RESULTS

Chart 2

\$ Millions	2016	2016	
	Q3	Q4	Change
<b>Adjusted EBITDA</b>			
Timberlands	\$ 223	\$ 223	\$ —
Real Estate, Energy & Natural Resources	37	90	53
Wood Products	203	132	(71)
Unallocated Items	(29)	(45)	(16)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 434</b>	<b>\$ 400</b>	<b>\$ (34)</b>
Contribution to Earnings from Continuing Operations Before Special Items	\$ 312	\$ 223	\$ (89)

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 21**.
2. Includes R&D expenses; charges for restructuring, closures and impairments; other operating income, net; and interest income and other. Interest income and other includes approximately: \$8 million of income from SPE investments for each quarter presented; and \$8 million of income from an investment in our timberland joint venture for 2016 Q3.
3. Interest expense is net of capitalized interest and includes approximately: \$7 million on SPE notes for each quarter presented; and \$6 million of expense on a note payable to our timberland joint venture for 2016 Q3.
4. An explanation of special items and a reconciliation to GAAP are set forth on **Chart 3**.
5. Earnings from discontinued operations, net of income taxes includes \$41 million and \$505 million of after-tax gain on the sale of discontinued operations for 2016 Q3 and 2016 Q4, respectively.

\$ Millions EXCEPT EPS	2016	2016
	Q3	Q4
<b>Consolidated Statement of Operations Before Special Items</b>		
<b>Net sales</b>	<b>\$ 1,709</b>	<b>\$ 1,596</b>
Cost of products sold	1,314	1,265
Gross margin	395	331
SG&A expenses	100	106
Other (income) expense, net <sup>2</sup>	(17)	2
<b>Total Contribution to Earnings from Continuing Operations Before Special Items</b>	<b>\$ 312</b>	<b>\$ 223</b>
Interest expense, net <sup>3</sup>	(114)	(108)
Income taxes <sup>4</sup>	(26)	(9)
<b>Net Earnings from Continuing Operations Before Special Items<sup>4</sup></b>	<b>\$ 172</b>	<b>\$ 106</b>
Special items, after-tax <sup>4</sup>	(10)	(44)
Earnings from discontinued operations, net of income taxes <sup>5</sup>	65	489
<b>Net Earnings</b>	<b>\$ 227</b>	<b>\$ 551</b>
<b>Diluted EPS from Continuing Operations Before Special Items<sup>4</sup></b>	<b>\$ 0.23</b>	<b>\$ 0.14</b>
<b>Diluted EPS</b>	<b>\$ 0.30</b>	<b>\$ 0.73</b>



# EARNINGS BEFORE SPECIAL ITEMS

Chart 3

\$ Millions EXCEPT EPS	2016 Q3			2016 Q4		
	Pre-Tax Earnings	After-Tax Earnings	Diluted EPS	Pre-Tax Earnings	After-Tax Earnings	Diluted EPS
<b>Earnings From Continuing Operations Before Special Items</b>	\$ 198	\$ 172	\$ 0.23	\$ 115	\$ 106	\$ 0.14
<b>Special Items:</b>						
Plum Creek merger-related costs	(14)	(10)	(0.02)	(14)	(11)	(0.01)
Restructuring, impairments and other charges	—	—	—	(14)	(9)	(0.01)
Tax adjustment	—	—	—	—	(24)	(0.04)
<b>Total Special Items</b>	<b>(14)</b>	<b>(10)</b>	<b>(0.02)</b>	<b>(28)</b>	<b>(44)</b>	<b>(0.06)</b>
<b>Earnings from Continuing Operations</b>	<b>\$ 184</b>	<b>\$ 162</b>	<b>\$ 0.21</b>	<b>\$ 87</b>	<b>\$ 62</b>	<b>\$ 0.08</b>
Earnings from Discontinued Operations	\$ 107	\$ 65	\$ 0.09	\$ 771	\$ 489	\$ 0.65
<b>Earnings Including Special Items (GAAP)</b>	<b>\$ 291</b>	<b>\$ 227</b>	<b>\$ 0.30</b>	<b>\$ 858</b>	<b>\$ 551</b>	<b>\$ 0.73</b>





# TIMBERLANDS SEGMENT<sup>1</sup>

Chart 4

TIMBERLANDS (\$ Millions)	2016	2016
Adjusted EBITDA by Region	Q3	Q4
West	\$ 109	\$ 101
South	108	112
North	7	7
Other	(1)	3
<b>Total Adjusted EBITDA<sup>3</sup></b>	<b>\$ 223</b>	<b>\$ 223</b>

## 4TH QUARTER NOTES

- Lower Western harvest volumes
- Modestly higher log sales realizations in the West
- Seasonally lower silviculture expenses in the South
- Seasonally higher Western logging and road costs

TIMBERLANDS (\$ Millions)	2016	2016
Segment Statement of Operations	Q3	Q4
Third party sales	\$ 478	\$ 455
Intersegment sales	149	144
<b>Total Sales</b>	<b>627</b>	<b>599</b>
Cost of products sold	484	452
<b>Gross margin</b>	<b>143</b>	<b>147</b>
SG&A expenses	20	24
Other (income) expense, net <sup>2</sup>	1	—
<b>Contribution to Earnings</b>	<b>\$ 122</b>	<b>\$ 123</b>
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$ 223</b>	<b>\$ 223</b>
<b>Adjusted EBITDA Margin Percentage<sup>4</sup></b>	<b>36%</b>	<b>37%</b>
<b>Operating Margin Percentage<sup>5</sup></b>	<b>19%</b>	<b>21%</b>

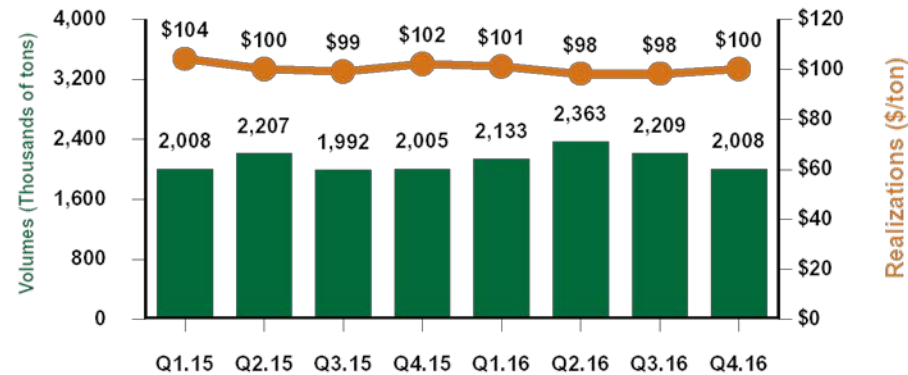
1. Beginning in Q1 2016 the Real Estate, Energy and Natural Resources segment was split out of the Timberlands segment. Amounts presented exclude Canadian Forestlands operations, which are operated as a cost center for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities and contribute no margin to the Timberlands segment.
2. Other (income) expense, net includes: R&D expenses, charges for restructuring, closures and impairments; other operating income, net.
3. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 22**.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings divided by total sales.



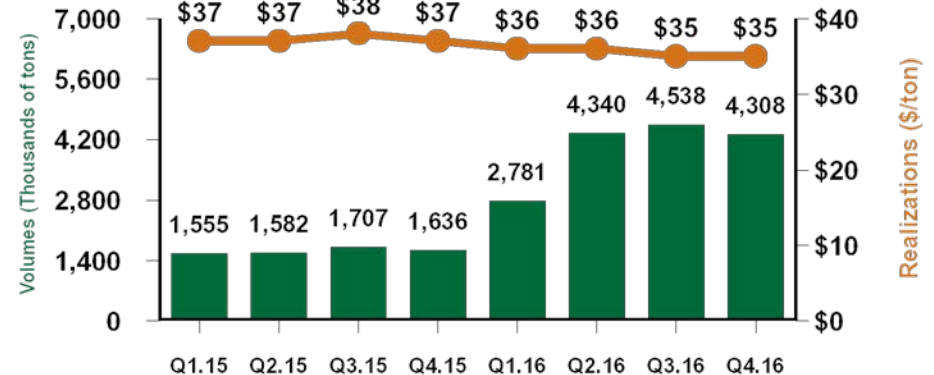
# SALES VOLUMES AND REALIZATIONS

Chart 5

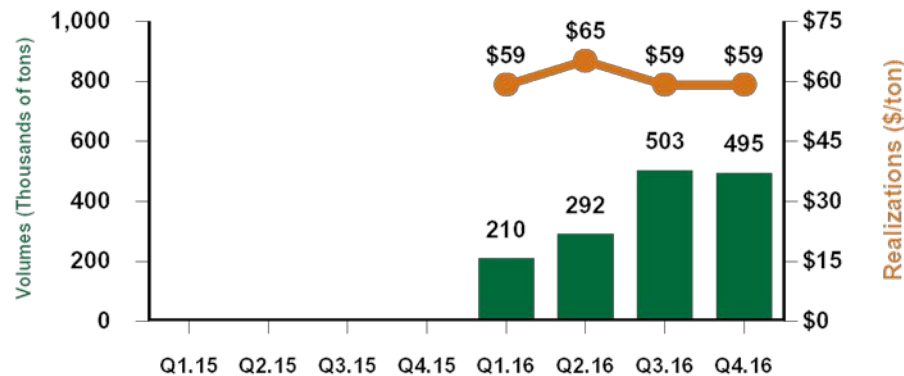
## 3rd-Party Log Sales and Realizations - West<sup>1</sup>



## 3rd-Party Log Sales and Realizations - South<sup>1</sup>



## 3rd-Party Log Sales and Realizations - North



1. Beginning in the first quarter of 2016, we report log sales and fee harvest volumes in tons. Prior period volumes have been converted from cubic meters to tons using annualized 2015 conversion factors.  $1.056 \text{ m}^3 = 1 \text{ ton}$  in the West and  $0.818 \text{ m}^3 = 1 \text{ ton}$  in the South.

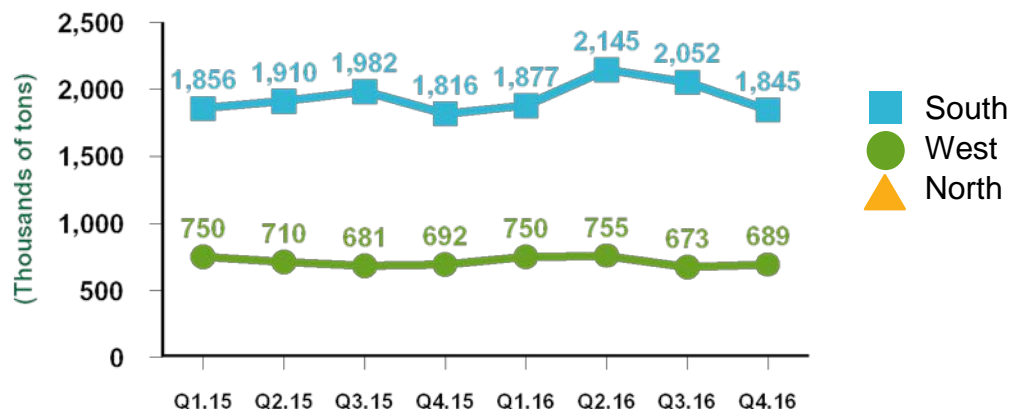




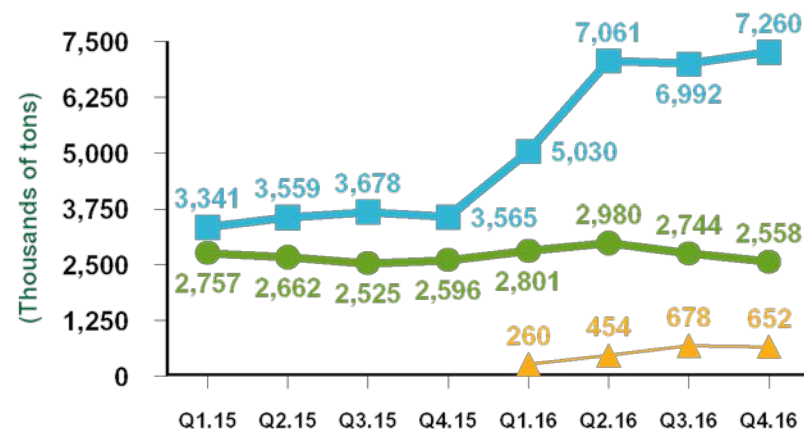
# EXPORT SALES, FEE HARVEST VOLUMES, AND INTERSEGMENT SALES VOLUMES

Chart 6

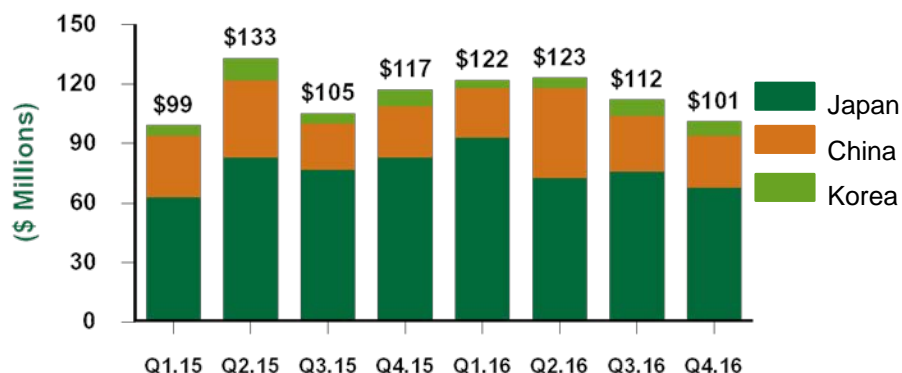
## Intersegment Log Sales Volume<sup>1</sup>



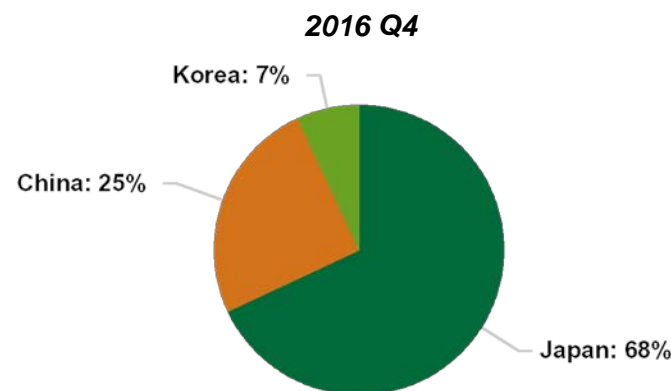
## Fee Harvest Volume<sup>1,2</sup>



## Export Log Revenue



## Export Log Revenue by Country



1. Beginning in the first quarter of 2016, we report log sales and fee harvest volumes in tons. Prior period volumes have been converted from cubic meters to tons using annualized 2015 conversion factors. 1.056 m<sup>3</sup> = 1 ton in the West and 0.818 m<sup>3</sup> = 1 ton in the South. For North timberlands, intersegment log sales volumes were 14 thousand tons in first quarter 2016, 92 thousand tons in the second quarter 2016, 107 thousand tons in the third quarter 2016, and 79 thousand tons in the fourth quarter 2016.
2. The increase in 2016 fee harvest volume in the South is primarily due to the inclusion of legacy Plum Creek volumes.



# REAL ESTATE, ENERGY AND NATURAL RESOURCES (ENR) SEGMENT<sup>1</sup>

Chart 7

Real Estate & ENR (\$ Millions)	2016	2016
Adjusted EBITDA by Business	Q3	Q4
Real Estate	\$ 24	\$ 75
Energy & Natural Resources	13	15
<b>Total Adjusted EBITDA<sup>2</sup></b>	<b>\$ 37</b>	<b>\$ 90</b>

## 4TH QUARTER NOTES

- **Significantly higher real estate sales**
- **Modestly higher earnings from Energy and Natural Resource operations**
- **Non-cash charge related to legacy real estate projects**

Real Estate & ENR (\$ Millions)	2016	2016
Segment Statement of Operations	Q3	Q4
Third party sales	\$ 48	\$ 101
Intersegment sales	—	1
<b>Total sales</b>	<b>48</b>	<b>102</b>
Cost of products sold	26	69
<b>Gross margin</b>	<b>22</b>	<b>33</b>
SG&A expenses	7	7
Earnings from RE development ventures	(1)	(1)
Other (income) expense, net <sup>3</sup>	1	—
<b>Contribution to Earnings Before Special Items</b>	<b>\$ 15</b>	<b>\$ 27</b>
Special items, pre-tax	—	(14)
<b>Contribution to Earnings</b>	<b>\$ 15</b>	<b>\$ 13</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$ 37</b>	<b>\$ 90</b>

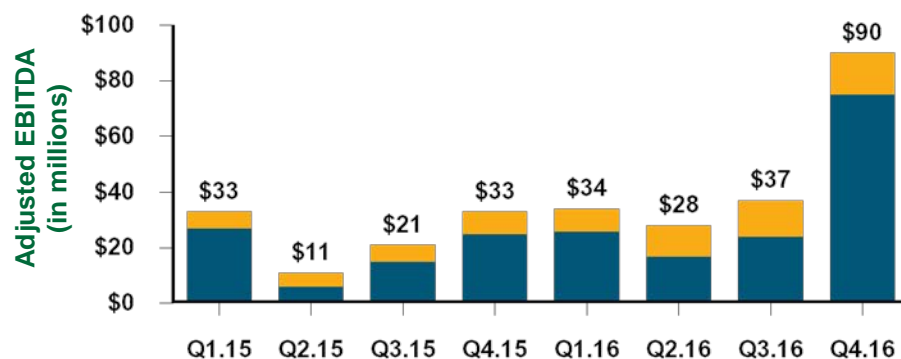
1. The Real Estate, Energy and Natural Resources segment includes sales of higher and better use and non-core timberlands and royalties related to minerals and oil and gas assets, all of which were formerly reported in Weyerhaeuser's Timberlands segment. The segment also includes equity interest in our real estate development joint ventures.
2. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 23**.
3. Other (income) expense, net includes: charges for restructuring, closures and impairments; other operating income, net.



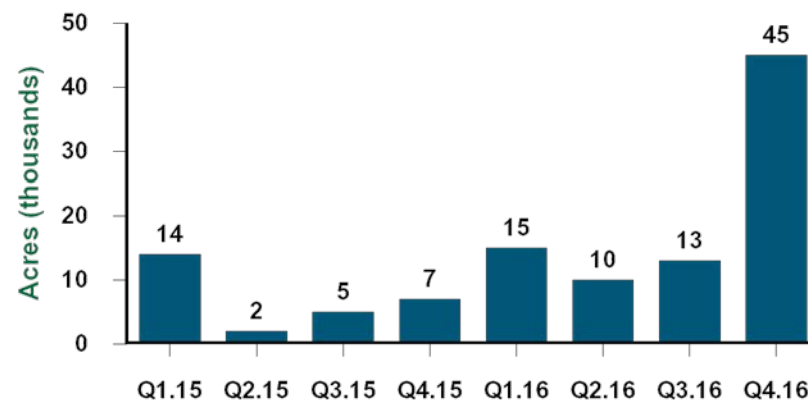
# REAL ESTATE, ENERGY AND NATURAL RESOURCES (ENR) SEGMENT

Chart 8

Real Estate & ENR  
Adjusted EBITDA<sup>1</sup>



Acreage Sold



Real Estate	\$27	\$6	\$15	\$25	\$26	\$17	\$24	\$75
ENR	\$6	\$5	\$6	\$8	\$8	\$11	\$13	\$15

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 23**.



# WOOD PRODUCTS SEGMENT

Chart 9

WOOD PRODUCTS (\$ Millions)	2016	2016
Adjusted EBITDA by Business	Q3	Q4
Lumber	\$ 85	\$ 57
OSB	63	46
Engineered Wood Products	43	26
Distribution	7	5
Other	5	(2)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 203</b>	<b>\$ 132</b>

## 4TH QUARTER NOTES

- **Seasonally lower sales volumes across all product lines**
- **Lower operating rates due to planned maintenance, downtime for capital projects, and Sutton OSB mill fire**
- **Slightly lower average sales realizations for lumber**

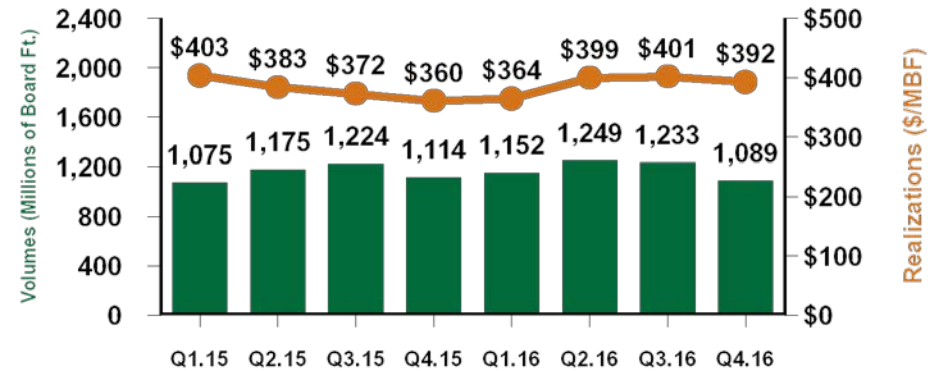
WOOD PRODUCTS (\$ Millions)	2016	2016
Segment Statement of Operations	Q3	Q4
Third party sales	\$ 1,177	\$ 1,032
Intersegment sales	17	7
<b>Total sales</b>	<b>1,194</b>	<b>1,039</b>
Cost of products sold	980	889
<b>Gross margin</b>	<b>214</b>	<b>150</b>
SG&A expenses	45	49
Other (income) expense, net <sup>2</sup>	(1)	2
<b>Contribution to Earnings</b>	<b>\$ 170</b>	<b>\$ 99</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 203</b>	<b>\$ 132</b>
<b>Adjusted EBITDA Margin Percentage<sup>3</sup></b>	<b>17%</b>	<b>13%</b>
<b>Operating Margin Percentage<sup>4</sup></b>	<b>14%</b>	<b>10%</b>

1. Adjusted EBITDA for Wood Products businesses includes earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 24**.
2. Other (income) expense, net includes: R&D expenses, charges for restructuring, closures and impairments; other operating income, net.
3. Adjusted EBITDA divided by total sales.
4. Contribution to earnings divided by total sales.

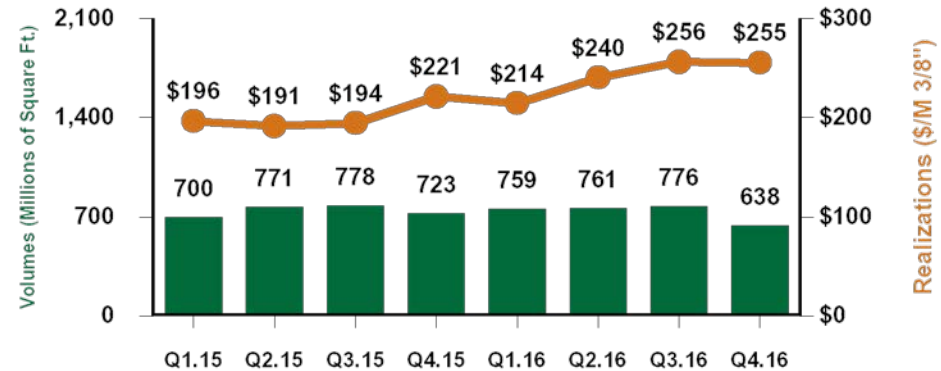


# 3<sup>RD</sup>-PARTY SALES VOLUMES AND REALIZATIONS<sup>1</sup> Chart 10

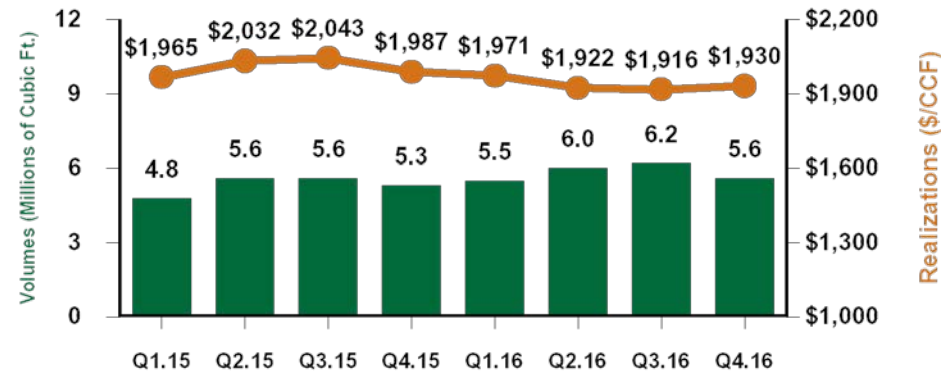
## Lumber



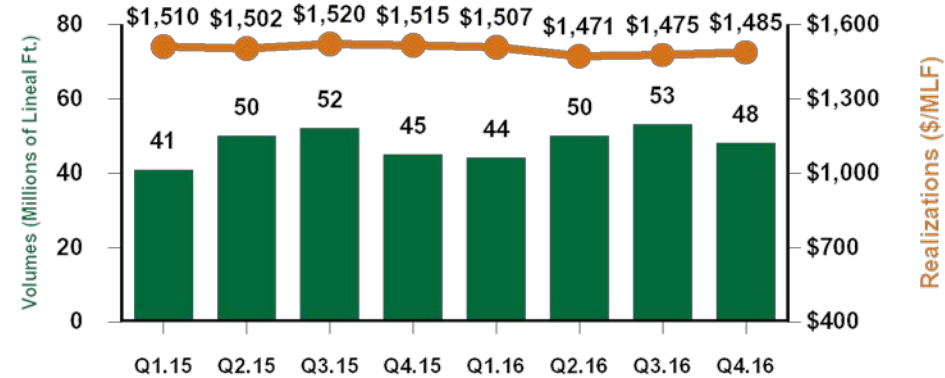
## OSB



## Engineered Wood - Solid Section



## Engineered Wood - TJIs



1. Sales volumes include sales of internally produced products and products purchased for resale primarily through our Distribution business.



# UNALLOCATED ITEMS

Chart 11

UNALLOCATED ITEMS (\$ Millions) <sup>1</sup>	2016	2016
	Q3	Q4
Unallocated corporate function expenses <sup>2</sup>	\$ (21)	\$ (25)
Unallocated share-based compensation	(4)	2
Unallocated pension & postretirement credits	11	10
Foreign exchange gains (losses)	(1)	(7)
Elimination of intersegment profit in inventory and LIFO	2	(12)
Other, including interest income	18	6
<b>Contribution to Earnings Before Special Items</b>	<b>\$ 5</b>	<b>\$ (26)</b>
Special items, pre-tax	(14)	(14)
<b>Contribution to Earnings</b>	<b>\$ (9)</b>	<b>\$ (40)</b>
<b>Adjusted EBITDA</b>	<b>\$ (29)</b>	<b>\$ (45)</b>

UNALLOCATED ITEMS (\$ Millions)	2016	2016
By Natural Expense	Q3	Q4
Credit to products sold <sup>3</sup>	\$ 14	\$ 1
G&A expenses <sup>4</sup>	(25)	(24)
Other income (expense), net	16	(3)
<b>Contribution to Earnings Before Special Items</b>	<b>\$ 5</b>	<b>\$ (26)</b>
Special items, pre-tax	(14)	(14)
<b>Contribution to Earnings</b>	<b>\$ (9)</b>	<b>\$ (40)</b>

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; the elimination of intersegment profit in inventory and the LIFO reserve; and equity earnings from our timberland joint venture.
2. Due to accounting requirements for Discontinued Operations, corporate function expenses previously allocated to Cellulose Fibers are now reported in Unallocated Items. This change affects both current and prior periods.
3. Credit to products sold is comprised primarily of elimination of intersegment profit in inventory and the LIFO reserve, and unallocated pension credits.
4. G&A expense is comprised primarily of unallocated: share-based compensation; pension costs; and corporate function expenses.





# DISCONTINUED OPERATIONS

Chart 12

Discontinued operations include the company's former Cellulose Fibers segment, which consisted of several pulp mills, a liquid packaging board facility, and a printing papers joint venture. Sales of the Cellulose Fibers pulp mills and printing papers business closed on December 1, 2016 and November 1, 2016 respectively. The sale of the liquid packaging board business closed on August 31, 2016.

## 4TH QUARTER NOTES

- Partial quarter of pulp and printing papers operations
- After-tax gain of \$505 million on divestitures of pulp mills and printing papers business

DISCONTINUED OPERATIONS (\$ Millions)	2016	2016
Segment Statement of Operations	Q3	Q4
Total Sales	\$ 420	\$ 231
Earnings before income taxes	47	35
Income taxes	(23)	(51)
Net earnings from operations	\$ 24	\$ (16)
Net gain on divestitures	41	505
Net Earnings from Discontinued Operations	\$ 65	\$ 489



# OPERATIONAL EXCELLENCE

Chart 13

	2016 TARGET	2016 RESULT	2017 TARGET
Timberlands	\$30-50 MM	\$42 MM ✓	\$40-50 MM
Lumber	\$15-20 MM	\$16 MM ✓	\$20-25 MM
OSB	\$15-20 MM	\$21 MM ✓	\$20-25 MM
EWP	\$10-15 MM	\$12 MM ✓	\$10-15 MM
Distribution	\$15-20 MM	\$15 MM ✓	\$5-10 MM



# FINANCIAL ITEMS

Chart 14

KEY FINANCIAL METRICS (\$ Millions)	2016 Q3	2016 Q4
Ending Cash Balance <sup>1</sup>	\$ 769	\$ 676
Long-Term Debt <sup>1</sup>	\$ 8,310	\$ 6,610
Gross Debt to Adjusted EBITDA (LTM) <sup>2</sup>	5.8	4.2
Net Debt to Enterprise Value <sup>3</sup>	24%	21%

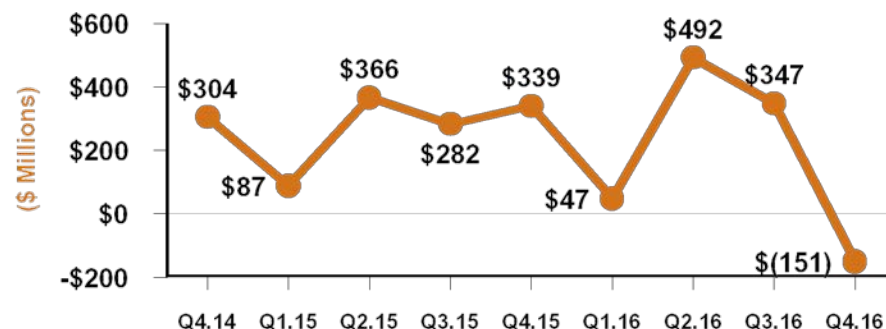
## Scheduled Debt Maturities as of December 31, 2016

(\$ Millions)	2017	2018	2019	2020	2021
Debt Maturities	\$281	\$62	\$500	\$550	\$756

1. Ending Cash Balance and Long-Term Debt exclude discontinued operations for 2016 Q3. Long-Term Debt includes \$1,981 million and \$281 million for the current portion of long-term debt in third quarter 2016 and fourth quarter 2016, respectively.
2. LTM = last twelve months. A reconciliation to GAAP is set forth on **Chart 25**.
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 as of the end of the quarter.

## Cash Flow from Operations

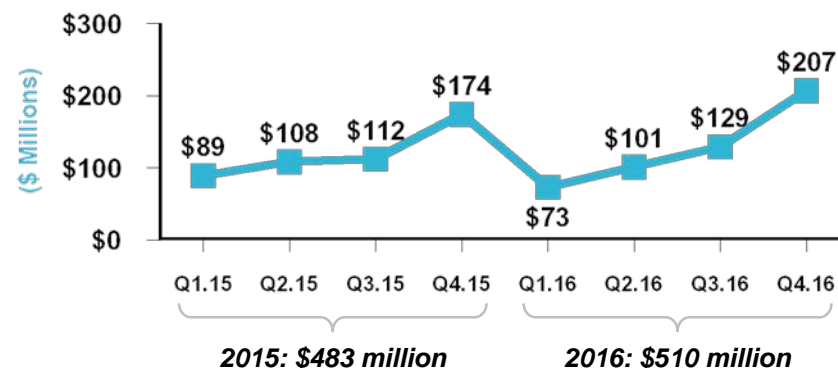
Includes discontinued operations



Excluding \$494 million of cash paid for income taxes related to the sale of our Cellulose Fibers businesses, Q4 2016 cash flow from operations would be \$343 million

## Capital Expenditures

Includes discontinued operations



# SHARES OUTSTANDING

Chart 15

- \$2.5 billion share repurchase program effective February 19, 2016
- Cumulative repurchases of \$2 billion through December 31, 2016, or 80% of authorization, at an average price of \$29.49 per share

COMMON SHARES OUTSTANDING (millions)	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD
Beginning of Period	510	759	733	748	510
Common shares repurchased	(31)	(27)	(10)	—	(68)
Shares issued for Plum Creek acquisition	279	—	—	—	279
Shares issued for Preference Share conversion	—	—	23	—	23
Shares issued for share-based compensation	1	1	2	1	5
End of Period <sup>1</sup>	759	733	748	749	749

1. Basic and diluted weighted average shares outstanding for fourth quarter 2016 were 749 million and 753 million, respectively.



# OUTLOOK: 2017 Q1

Chart 16

SEGMENT	COMMENTS
<b>TIMBERLANDS</b>	<ul style="list-style-type: none"><li>• Modestly higher log sales volumes in West</li><li>• Improved average Western sales realizations due to higher export mix</li><li>• Lower Southern fee harvest volumes and comparable average sales realizations</li><li>• Seasonally higher Southern forestry and silviculture expense</li><li>• Expect 2017 Q1 earnings and Adjusted EBITDA to be comparable to 2016 Q4</li></ul>
<b>REAL ESTATE, ENERGY &amp; NATURAL RESOURCES</b>	<ul style="list-style-type: none"><li>• Anticipate 2017 Q1 earnings and Adjusted EBITDA to be significantly lower than 2016 Q4 due to timing of Real Estate sales</li><li>• Anticipate full year 2017 Adjusted EBITDA will exceed \$250 million</li></ul>
<b>WOOD PRODUCTS</b>	<ul style="list-style-type: none"><li>• Increased sales volumes</li><li>• Comparable realizations for Lumber and OSB</li><li>• Higher operating rates and improved manufacturing costs</li><li>• Expect 2017 Q1 earnings and Adjusted EBITDA to be higher than 2016 Q4</li></ul>



# APPENDIX





# PENSION AND POSTRETIREMENT EXPENSE

Chart 17

\$ Millions	2015				2016			
Net Pension and Postretirement Cost (Credit)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Timberlands	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Real Estate, Energy & Natural Resources	—	—	—	—	—	—	—	—
Wood Products	7	7	6	7	5	6	6	5
Pension and postretirement credits not allocated <sup>1</sup>	(3)	(3)	(2)	(3)	(7)	(10)	(11)	(10)
<b>Total pension and postretirement cost (credit) for continuing operations</b>	<b>\$ 7</b>	<b>\$ 6</b>	<b>\$ 6</b>	<b>\$ 6</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>
Pension and postretirement service costs directly attributable to discontinued operations	3	5	5	4	4	3	3	3
<b>Total company pension and postretirement costs</b>	<b>\$ 10</b>	<b>\$ 11</b>	<b>\$ 11</b>	<b>\$ 10</b>	<b>\$ 4</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ —</b>

1. Pension and postretirement credits not allocated includes \$5 million for accelerated pension costs included in Plum Creek merger-related costs in 2016 Q1.



# EARNINGS SUMMARY

Chart 18

\$ Millions	2015				2016			
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Timberlands	\$ 192	\$ 168	\$ 158	\$ 160	\$ 199	\$ 220	\$ 223	\$ 223
Real Estate, Energy & Natural Resources	33	11	21	33	34	28	37	90
Wood Products	88	98	111	75	117	189	203	132
Unallocated Items	(59)	1	(45)	(20)	(14)	(24)	(29)	(45)
Total Adjusted EBITDA <sup>1</sup>	\$ 254	\$ 278	\$ 245	\$ 248	\$ 336	\$ 413	\$ 434	\$ 400
DD&A, basis of real estate sold, non-operating pension and postretirement credits, equity earnings/loss from joint ventures before special items, and interest income and other	(82)	(69)	(70)	(75)	(95)	(119)	(122)	(177)
Total Contribution to Earnings from Continuing Operations before Special Items	\$ 172	\$ 209	\$ 175	\$ 173	\$ 241	\$ 294	\$ 312	\$ 223
Interest expense, net <sup>2</sup>	(82)	(85)	(87)	(87)	(95)	(114)	(114)	(108)
Income taxes <sup>3</sup>	(13)	1	42	8	(9)	(39)	(26)	(9)
Dividends on preference shares <sup>4</sup>	(11)	(11)	(11)	(11)	(11)	(11)	—	—
Net Earnings from Continuing Operations before Special Items <sup>5</sup>	\$ 66	\$ 114	\$ 119	\$ 83	\$ 126	\$ 130	\$ 172	\$ 106
Earnings from discontinued operations, net of income taxes	33	19	61	(18)	20	38	65	489
Special items, after-tax	(9)	—	—	(6)	(76)	(11)	(10)	(44)
Net Earnings to Common Shareholders	\$ 90	\$ 133	\$ 180	\$ 59	\$ 70	\$ 157	\$ 227	\$ 551
Diluted EPS from Continuing Operations Before Special Items <sup>5</sup>	\$ 0.13	\$ 0.22	\$ 0.23	\$ 0.16	\$ 0.20	\$ 0.17	\$ 0.23	\$ 0.14
Diluted EPS	\$ 0.17	\$ 0.26	\$ 0.35	\$ 0.11	\$ 0.11	\$ 0.21	\$ 0.30	\$ 0.73

1. See **Chart 20** for our definition of Adjusted EBITDA.

2. Interest expense is net of capitalized interest and includes approximately \$7 million of expense on special purpose entity (SPE) notes for each quarter presented and approximately \$4 million, \$9 million, and \$6 million of expense on a note payable to our timberland joint venture in first, second, and third quarter 2016, respectively.

3. Income taxes attributable to special items are included in Special items, after-tax.

4. During 2013 Q2, Weyerhaeuser issued 13.8 million mandatory convertible preference shares with a conversion date of July 1, 2016. These shares were antidilutive for the QTD and YTD periods ended June 30, 2016, and were excluded from the calculation of diluted EPS.

5. A reconciliation to GAAP Net Income is set forth at [www.weyerhaeuser.com](http://www.weyerhaeuser.com). A reconciliation to GAAP EPS is set forth on **Chart 19**.



# EARNINGS PER SHARE RECONCILIATION

Chart 19

\$ Millions EXCEPT EPS	2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Weighted Average Shares Outstanding, Diluted</b>	<b>527</b>	<b>520</b>	<b>517</b>	<b>514</b>	<b>635</b>	<b>748</b>	<b>754</b>	<b>753</b>
<b>Diluted EPS from Continuing Operations Before Special Items</b>	<b>\$ 0.13</b>	<b>\$ 0.22</b>	<b>\$ 0.23</b>	<b>\$ 0.16</b>	<b>\$ 0.20</b>	<b>\$ 0.17</b>	<b>\$ 0.23</b>	<b>\$ 0.14</b>
Special Items:								
Gain on sale of non-strategic asset	—	—	—	—	0.03	—	—	—
Plum Creek merger-related costs	—	—	—	(0.03)	(0.15)	—	(0.02)	(0.01)
Legal expense	—	—	—	—	—	(0.01)	—	—
Restructuring, impairments, and other charges	(0.02)	—	—	(0.01)	—	—	—	(0.01)
Tax Adjustments	—	—	—	0.03	—	—	—	(0.04)
<b>Diluted EPS from Continuing Operations (GAAP)</b>	<b>\$ 0.11</b>	<b>\$ 0.22</b>	<b>\$ 0.23</b>	<b>\$ 0.15</b>	<b>\$ 0.08</b>	<b>\$ 0.16</b>	<b>\$ 0.21</b>	<b>\$ 0.08</b>
Discontinued Operations	0.06	0.04	0.12	(0.04)	0.03	0.05	0.09	0.65
<b>Diluted EPS (GAAP)</b>	<b>\$ 0.17</b>	<b>\$ 0.26</b>	<b>\$ 0.35</b>	<b>\$ 0.11</b>	<b>\$ 0.11</b>	<b>\$ 0.21</b>	<b>\$ 0.30</b>	<b>\$ 0.73</b>



# EBITDA RECONCILIATION BY SEGMENT

Chart 20

\$ MILLIONS	2015					2016				
	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 678</b>	<b>\$ 98</b>	<b>\$ 372</b>	<b>\$ (123)</b>	<b>\$ 1,025</b>	<b>\$ 865</b>	<b>\$ 189</b>	<b>\$ 641</b>	<b>\$ (112)</b>	<b>\$ 1,583</b>
Depletion, depreciation & amortization	(208)	(1)	(106)	(10)	(325)	(366)	(13)	(129)	(4)	(512)
Basis of real estate sold	—	(18)	—	—	(18)	—	(109)	—	—	(109)
Non-operating pension & postretirement credits	—	—	—	11	11	—	—	—	43	43
Special items in Operating Income <sup>2</sup>	—	—	(8)	(27)	(35)	—	(14)	—	(121)	(135)
<b>Operating Income from Continuing Operations (GAAP)</b>	<b>\$ 470</b>	<b>\$ 79</b>	<b>\$ 258</b>	<b>\$ (149)</b>	<b>\$ 658</b>	<b>\$ 499</b>	<b>\$ 53</b>	<b>\$ 512</b>	<b>\$ (194)</b>	<b>\$ 870</b>
Equity earnings (loss) from joint ventures	—	—	—	—	—	—	2	—	20	22
Interest income and other	—	—	—	36	36	—	—	—	43	43
<b>Net Contribution to Earnings</b>	<b>\$ 470</b>	<b>\$ 79</b>	<b>\$ 258</b>	<b>\$ (113)</b>	<b>\$ 694</b>	<b>\$ 499</b>	<b>\$ 55</b>	<b>\$ 512</b>	<b>\$ (131)</b>	<b>\$ 935</b>
Interest expense, net					(341)					(431)
Income taxes <sup>2</sup>					58					(89)
<b>Net Earnings from Continuing Operations</b>					<b>\$ 411</b>					<b>\$ 415</b>
Earnings from discontinued operations, net of income taxes					95					612
<b>Net Earnings (GAAP)</b>					<b>\$ 506</b>					<b>\$ 1,027</b>
Dividend on preference shares					(44)					(22)
<b>Net Earnings to Common Shareholders (GAAP)</b>					<b>\$ 462</b>					<b>\$ 1,005</b>

- 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 from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.
- Special items in the income tax provision include \$13 million of income in 2015 and \$24 million of expense in 2016. Tax expense on special items in operating income totaled \$7 million in 2015 and \$18 million in 2016.



# EBITDA RECONCILIATION BY SEGMENT

Chart 21

\$ MILLIONS	2016 Q3					2016 Q4				
	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
<b>Adjusted EBITDA<sup>1</sup></b>	\$ 223	\$ 37	\$ 203	\$ (29)	\$ 434	\$ 223	\$ 90	\$ 132	\$ (45)	\$ 400
Depletion, depreciation & amortization	(101)	(4)	(33)	—	(138)	(100)	(4)	(33)	—	(137)
Basis of real estate sold	—	(19)	—	—	(19)	—	(60)	—	—	(60)
Non-operating pension & postretirement credits	—	—	—	11	11	—	—	—	10	10
Special items in Operating Income	—	—	—	(14)	(14)	—	(14)	—	(14)	(28)
<b>Operating Income from Continuing Operations (GAAP)</b>	\$ 122	\$ 14	\$ 170	\$ (32)	\$ 274	\$ 123	\$ 12	\$ 99	\$ (49)	\$ 185
Equity earnings (loss) from joint ventures	—	1	—	8	9	—	1	—	—	1
Interest income and other	—	—	—	15	15	—	—	—	9	9
<b>Net Contribution to Earnings</b>	\$ 122	\$ 15	\$ 170	\$ (9)	\$ 298	\$ 123	\$ 13	\$ 99	\$ (40)	\$ 195
Interest expense, net					(114)					(108)
Income taxes <sup>2</sup>					(22)					(25)
<b>Net Earnings from Continuing Operations</b>					\$ 162					\$ 62
Earnings from discontinued operations, net of income taxes					65					489
<b>Net Earnings (GAAP)</b>					\$ 227					\$ 551

- 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 from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.
- The income tax effects of special items can be found in a reconciliation set forth in **Chart 3**.



# EBITDA RECONCILIATION - TIMBERLANDS

Chart 22

\$ MILLIONS	2016 Q3					2016 Q4				
	West	South	North	Other	Total	West	South	North	Other	Total
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 109</b>	<b>\$ 108</b>	<b>\$ 7</b>	<b>\$ (1)</b>	<b>\$ 223</b>	<b>\$ 101</b>	<b>\$ 112</b>	<b>\$ 7</b>	<b>\$ 3</b>	<b>\$ 223</b>
Depreciation, depletion & amortization	(31)	(55)	(7)	(8)	(101)	(28)	(52)	(5)	(15)	(100)
Special items	—	—	—	—	—	—	—	—	—	—
<b>Operating Income (GAAP)</b>	<b>\$ 78</b>	<b>\$ 53</b>	<b>\$ —</b>	<b>\$ (9)</b>	<b>\$ 122</b>	<b>\$ 73</b>	<b>\$ 60</b>	<b>\$ 2</b>	<b>\$ (12)</b>	<b>\$ 123</b>
Interest income and other	—	—	—	—	—	—	—	—	—	—
<b>Net Contribution to Earnings (GAAP)</b>	<b>\$ 78</b>	<b>\$ 53</b>	<b>\$ —</b>	<b>\$ (9)</b>	<b>\$ 122</b>	<b>\$ 73</b>	<b>\$ 60</b>	<b>\$ 2</b>	<b>\$ (12)</b>	<b>\$ 123</b>

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 from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.





# EBITDA RECONCILIATION - REAL ESTATE, ENERGY AND NATURAL RESOURCES

Chart 23

\$ Millions	2016 Q3			2016 Q4		
	Real Estate	Energy & Natural Resources	Total	Real Estate	Energy & Natural Resources	Total
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 24</b>	<b>\$ 13</b>	<b>\$ 37</b>	<b>\$ 75</b>	<b>\$ 15</b>	<b>\$ 90</b>
Depletion, depreciation & amortization	—	(4)	(4)	—	(4)	(4)
Basis of real estate sold	(19)	—	(19)	(60)	—	(60)
Special items in operating income	—	—	—	(14)	—	(14)
<b>Operating Income (GAAP)</b>	<b>\$ 5</b>	<b>\$ 9</b>	<b>\$ 14</b>	<b>\$ 1</b>	<b>\$ 11</b>	<b>\$ 12</b>
Equity earnings (loss) from joint ventures	1	—	1	1	—	1
Interest income and other	—	—	—	—	—	—
<b>Net Contribution to Earnings (GAAP)</b>	<b>\$ 6</b>	<b>\$ 9</b>	<b>\$ 15</b>	<b>\$ 2</b>	<b>\$ 11</b>	<b>\$ 13</b>

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 from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures. 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 24

\$ Millions	2016 Q3						2016 Q4					
	Lumber	OSB	EWP	Distribution	Other	Total	Lumber	OSB	EWP	Distribution	Other	Total
<b>Adjusted EBITDA<sup>1,2</sup></b>	\$ 85	\$ 63	\$ 43	\$ 7	\$ 5	\$ 203	\$ 57	\$ 46	\$ 26	\$ 5	\$ (2)	\$ 132
Depletion, depreciation & amortization	(14)	(7)	(12)	—	—	(33)	(14)	(8)	(10)	(1)	—	(33)
Special items in operating income	—	—	—	—	—	—	—	—	—	—	—	—
<b>Operating Income (GAAP)</b>	\$ 71	\$ 56	\$ 31	\$ 7	\$ 5	\$ 170	\$ 43	\$ 38	\$ 16	\$ 4	\$ (2)	\$ 99
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Contribution to Earnings (GAAP)</b>	\$ 71	\$ 56	\$ 31	\$ 7	\$ 5	\$ 170	\$ 43	\$ 38	\$ 16	\$ 4	\$ (2)	\$ 99

- 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 from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.
- Adjusted EBITDA for each Wood Products business includes earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price.



# GROSS DEBT TO EBITDA RECONCILIATION

Chart 25

\$ MILLIONS	2016	2016
	Q3	Q4
<b>Gross Debt to Adjusted EBITDA (LTM)<sup>1,2</sup></b>	<b>5.8</b>	<b>4.2</b>
<b>Long-Term Debt</b>	<b>\$ 8,310</b>	<b>\$ 6,610</b>
<b>Adjusted EBITDA (LTM)<sup>2</sup></b>	<b>\$ 1,431</b>	<b>\$ 1,583</b>
Depletion, depreciation & amortization	(457)	(512)
Basis of real estate sold	(54)	(109)
Non-operating pension & postretirement costs	36	43
Special Items in Operating Income	(129)	(135)
<b>Operating Income (LTM) (GAAP)</b>	<b>\$ 827</b>	<b>\$ 870</b>
Equity earnings (loss) from joint ventures	21	22
Interest income and other	43	43
<b>Net Contribution to Earnings</b>	<b>\$ 891</b>	<b>\$ 935</b>
Interest expense, net of capitalized interest	(410)	(431)
Income taxes <sup>3</sup>	(40)	(89)
<b>Net Earnings from Continuing Operations (LTM)</b>	<b>\$ 441</b>	<b>\$ 415</b>
Earnings from discontinued operations, net of income taxes	105	\$ 612
<b>Net Earnings (LTM) (GAAP)</b>	<b>\$ 546</b>	<b>\$ 1,027</b>
Dividends on preference shares	(33)	(22)
<b>Net Earnings to Common Shareholders (LTM) (GAAP)</b>	<b>\$ 513</b>	<b>\$ 1,005</b>

1. LTM = last twelve months. Results include the former Plum Creek operations from the date of the merger.
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 from continuing operations 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 from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, pension and postretirement costs not allocated to business segments and special items. Adjusted EBITDA excludes results from joint ventures. Adjusted EBITDA should not be considered in isolation from and is not intended to represent an alternative to our GAAP results.
1. The income tax effects of special items can be found in a reconciliation set forth in **Chart 3**.

