



# **WEYERHAEUSER**

## **EARNINGS RESULTS**

**1<sup>ST</sup> QUARTER 2017 | April 28, 2017**



# FORWARD-LOOKING STATEMENTS

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, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by words such as “believe,” “project,” “expect,” “anticipate,” “estimate,” “intend,” “strategy,” “future,” “opportunity,” “plan,” “may,” “should,” “will,” “would,” and expressions such as “will be,” “will continue,” “will likely result,” and similar words and expressions. Forward-looking statements are based on our current expectations and assumptions and are not guarantees of future performance. The realization of our expectations and the accuracy of our assumptions are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties are detailed in our 2016 Annual Report on Form 10-K and from time to time in our other public statements and reports and filings with the Securities and Exchange Commission. These filings and reports can be found at [www.sec.gov](http://www.sec.gov).

This slide presentation specifically contains forward-looking statements regarding the company's expectations during the second 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. These forward-looking statements speak only as of the date of this slide presentation, and we undertake no obligation to publicly update or revise any of these forward-looking statements, whether because of new information, future events, or otherwise.



# 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.
- Adjusted EBITDA, as we define it, is operating income from continuing operations adjusted for depreciation, depletion, amortization, basis of real estate sold, unallocated pension service costs 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.



# 2017 Q1 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2016	2017	
	Q4	Q1	Change
<b>Adjusted EBITDA</b>			
Timberlands	\$ 223	\$ 242	\$ 19
Real Estate, Energy & Natural Resources	90	43	(47)
Wood Products	132	207	75
Unallocated Items	(45)	(38)	7
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 400</b>	<b>\$ 454</b>	<b>\$ 54</b>
Contribution to Earnings from Continuing Operations Before Special Items	\$ 223	\$ 292	\$ 69

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 16**.
2. Includes R&D expenses; charges for restructuring, closures and impairments; other operating income, net; equity earnings from joint ventures; non-operating pension and other postretirement benefit (costs) credits; and interest income and other. Interest income and other includes approximately \$8 million of income from SPE investments for each quarter presented.
3. Interest expense is net of capitalized interest and includes approximately \$7 million on SPE notes for each quarter presented.
4. An explanation of special items and a reconciliation to GAAP are set forth on **Chart 2**.
5. Earnings from discontinued operations, net of income taxes includes \$505 million of after-tax gain on the sale of discontinued operations for 2016 Q4.

\$ Millions EXCEPT EPS	2016	2017
	Q4	Q1
<b>Consolidated Statement of Operations Before Special Items</b>		
<b>Net sales</b>	<b>\$ 1,596</b>	<b>\$ 1,693</b>
Cost of products sold	1,278	1,272
Gross margin	318	421
SG&A expenses	107	109
Other (income) expense, net <sup>2</sup>	(12)	20
<b>Total Contribution to Earnings from Continuing Operations Before Special Items</b>	<b>\$ 223</b>	<b>\$ 292</b>
Interest expense, net <sup>3</sup>	(108)	(99)
Income taxes <sup>4</sup>	(9)	(26)
<b>Net Earnings from Continuing Operations Before Special Items<sup>4</sup></b>	<b>\$ 106</b>	<b>\$ 167</b>
Special items, after-tax <sup>4</sup>	(44)	(10)
Earnings from discontinued operations, net of income taxes <sup>5</sup>	489	—
<b>Net Earnings</b>	<b>\$ 551</b>	<b>\$ 157</b>
<b>Diluted EPS from Continuing Operations Before Special Items<sup>4</sup></b>	<b>\$ 0.14</b>	<b>\$ 0.22</b>
<b>Diluted EPS</b>	<b>\$ 0.73</b>	<b>\$ 0.21</b>



# EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions EXCEPT EPS	2016 Q4			2017 Q1		
	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>	\$ 115	\$ 106	\$ 0.14	\$ 193	\$ 167	\$ 0.22
<b>Special Items:</b>						
Plum Creek merger-related costs	(14)	(11)	(0.01)	(12)	(10)	(0.01)
Restructuring, impairments and other charges	(14)	(9)	(0.01)	—	—	—
Tax adjustments	—	(24)	(0.04)	—	—	—
<b>Total Special Items</b>	<b>(28)</b>	<b>(44)</b>	<b>(0.06)</b>	<b>(12)</b>	<b>(10)</b>	<b>(0.01)</b>
<b>Earnings from Continuing Operations</b>	<b>\$ 87</b>	<b>\$ 62</b>	<b>\$ 0.08</b>	<b>\$ 181</b>	<b>\$ 157</b>	<b>\$ 0.21</b>
Earnings from discontinued operations	\$ 771	\$ 489	\$ 0.65	\$ —	\$ —	\$ —
<b>Earnings Including Special Items (GAAP)</b>	<b>\$ 858</b>	<b>\$ 551</b>	<b>\$ 0.73</b>	<b>\$ 181</b>	<b>\$ 157</b>	<b>\$ 0.21</b>





# TIMBERLANDS SEGMENT<sup>1</sup>

Chart 3

TIMBERLANDS (\$ Millions)	2016	2017
Adjusted EBITDA by Region	Q4	Q1
West	\$ 101	\$ 133
South	112	96
North	7	8
Other	3	5
<b>Total Adjusted EBITDA<sup>4</sup></b>	<b>\$ 223</b>	<b>\$ 242</b>

## 1ST QUARTER NOTES

- Higher Western sales realizations
- Lower Western logging and road costs
- Lower Southern fee harvest volumes
- Ongoing benefits from merger synergies and OpX

TIMBERLANDS (\$ Millions)	2016	2017
Segment Statement of Operations	Q4	Q1
Third party sales	\$ 455	\$ 469
Intersegment sales <sup>2</sup>	144	131
<b>Total Sales</b>	<b>599</b>	<b>600</b>
Cost of products sold	452	429
<b>Gross margin</b>	<b>147</b>	<b>171</b>
SG&A expenses	24	24
Other (income) expense, net <sup>3</sup>	—	(1)
<b>Contribution to Earnings</b>	<b>\$ 123</b>	<b>\$ 148</b>
<b>Adjusted EBITDA<sup>4</sup></b>	<b>\$ 223</b>	<b>\$ 242</b>
<b>Adjusted EBITDA Margin Percentage<sup>5</sup></b>	<b>37%</b>	<b>40%</b>
<b>Operating Margin Percentage<sup>6</sup></b>	<b>21%</b>	<b>25%</b>

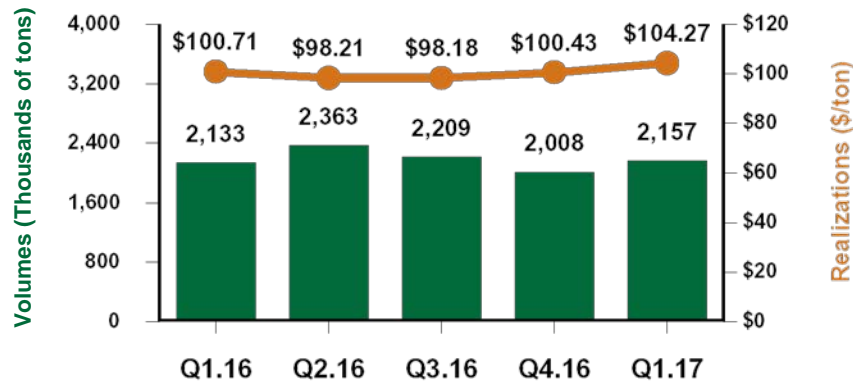
1. Amounts presented exclude Canadian Forestlands operations, which are operated as a cost center for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities and contribute no margin to the Timberlands segment.
2. Intersegment log sales volumes decline in 2017 Q1 due to divestiture of our Cellulose Fibers pulp mills and reclassification of certain third party log procurement activities.
3. Other (income) expense, net includes: R&D expenses, charges for restructuring, closures and impairments; other operating income, net.
4. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 17**.
5. Adjusted EBITDA divided by total sales.
6. Contribution to earnings divided by total sales.



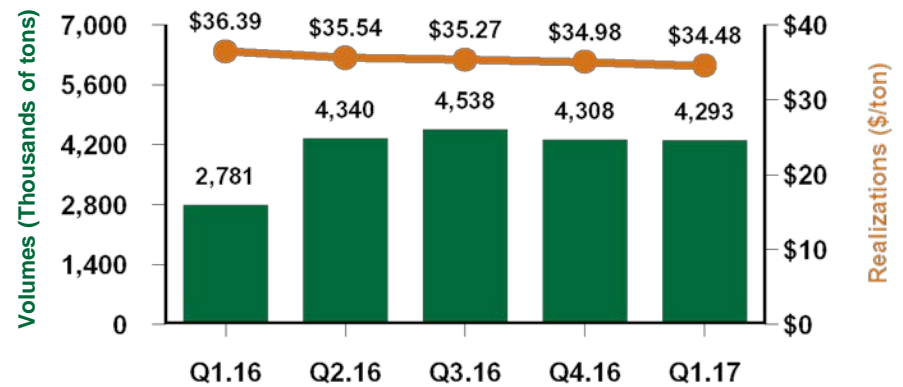
# SALES VOLUMES AND REALIZATIONS

Chart 4

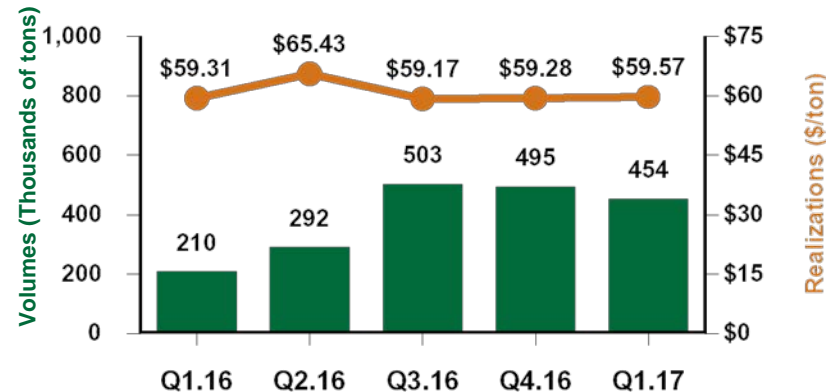
## 3rd-Party Log Sales and Realizations - West<sup>1</sup>



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



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



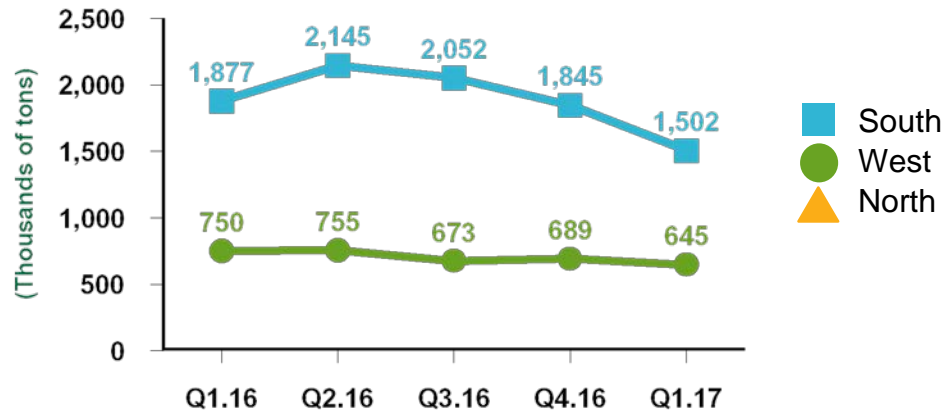
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.



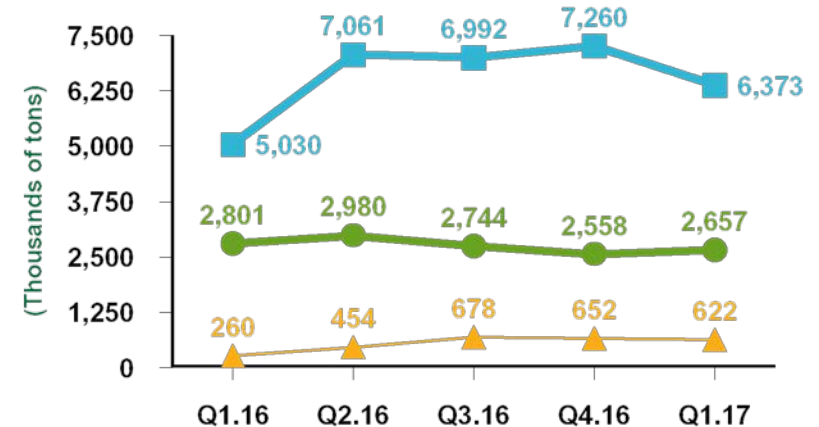
# EXPORT SALES, FEE HARVEST VOLUMES, AND INTERSEGMENT SALES VOLUMES

Chart 5

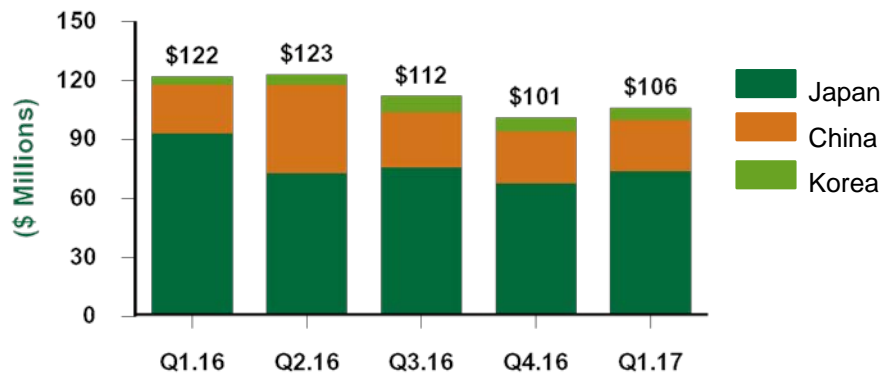
## Intersegment Log Sales Volume<sup>1, 2</sup>



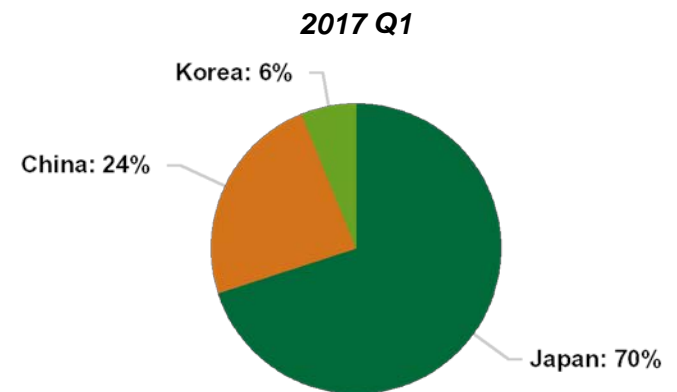
## Fee Harvest Volume<sup>3</sup>



## Export Log Revenue



## Export Log Revenue by Country



1. For Northern 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 third quarter 2016, 79 thousand tons in fourth quarter 2016, and 94 thousand tons in first quarter 2017.
2. Intersegment log sales volumes declined in first quarter 2017 due to the divestiture of our Cellulose Fibers pulp mills and reclassification of certain third party log procurement activities.
3. First quarter 2016 includes only a partial quarter of Plum Creek legacy volume.





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

Chart 6

Real Estate & ENR (\$ Millions)	2016	2017
Adjusted EBITDA by Business	Q4	Q1
Real Estate	\$ 75	\$ 29
Energy & Natural Resources	15	14
<b>Total Adjusted EBITDA<sup>2</sup></b>	<b>\$ 90</b>	<b>\$ 43</b>

## 1ST QUARTER NOTES

- **Seasonally lower Real Estate sales**
- **Lower average land basis due to mix**
- **Comparable earnings from Energy & Natural Resources**

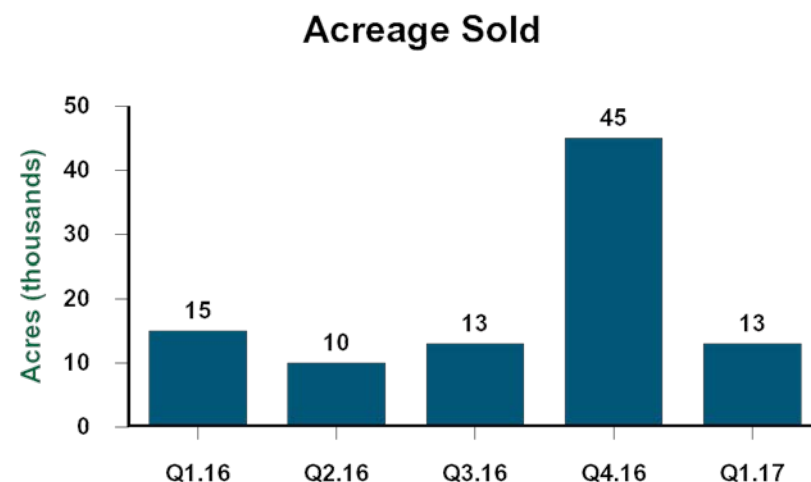
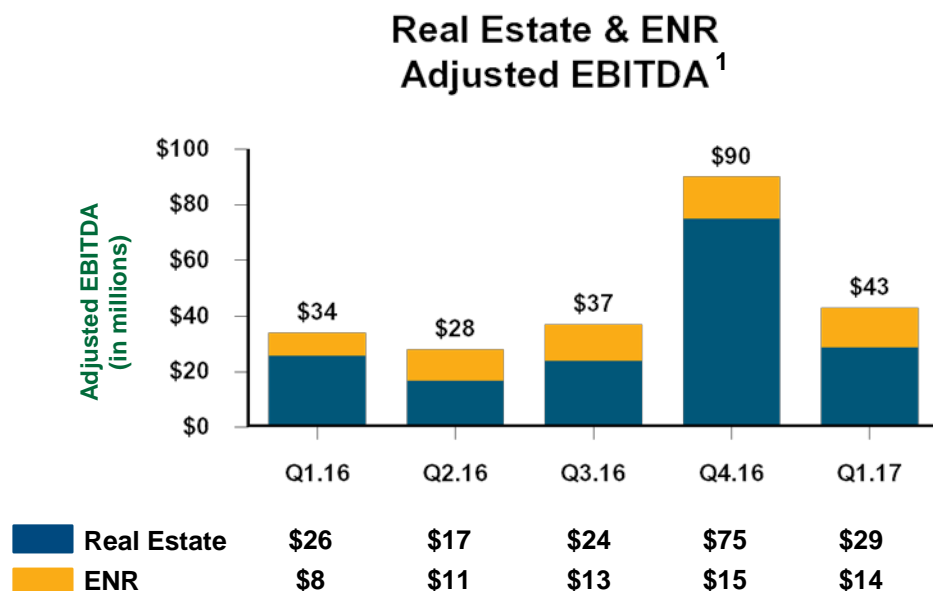
Real Estate & ENR (\$ Millions)	2016	2017
Segment Statement of Operations	Q4	Q1
Third party sales	\$ 101	\$ 53
Intersegment sales	1	—
<b>Total sales</b>	<b>102</b>	<b>53</b>
Cost of products sold	69	20
<b>Gross margin</b>	<b>33</b>	<b>33</b>
SG&A expenses	7	7
Earnings from Real Estate joint ventures	(1)	—
<b>Contribution to Earnings Before Special Items</b>	<b>\$ 27</b>	<b>\$ 26</b>
Special items, pre-tax	(14)	—
<b>Contribution to Earnings</b>	<b>\$ 13</b>	<b>\$ 26</b>
<b>Adjusted EBITDA<sup>2</sup></b>	<b>\$ 90</b>	<b>\$ 43</b>

1. The Real Estate, Energy & 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 joint ventures.
2. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 18**.



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

Chart 7



1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 18**.



# WOOD PRODUCTS SEGMENT

Chart 8

WOOD PRODUCTS (\$ Millions)	2016	2017
Adjusted EBITDA by Business	Q4	Q1
Lumber	\$ 57	\$ 99
OSB	46	66
Engineered Wood Products	26	37
Distribution	5	8
Other	(2)	(3)
<b>Total Adjusted EBITDA<sup>1</sup></b>	<b>\$ 132</b>	<b>\$ 207</b>

## 1ST QUARTER NOTES

- Higher sales realizations for lumber and oriented strand board
- Higher sales volumes across all product lines
- Increased operating rates and lower manufacturing costs
- Strong mill performance driven by OpX

WOOD PRODUCTS (\$ Millions)	2016	2017
Segment Statement of Operations	Q4	Q1
Third party sales	\$ 1,032	\$ 1,154
Intersegment sales	7	—
<b>Total sales</b>	<b>1,039</b>	<b>1,154</b>
Cost of products sold	889	926
<b>Gross margin</b>	<b>150</b>	<b>228</b>
SG&A expenses	49	53
Other (income) expense, net <sup>2</sup>	2	3
<b>Contribution to Earnings</b>	<b>\$ 99</b>	<b>\$ 172</b>
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 132</b>	<b>\$ 207</b>
<b>Adjusted EBITDA Margin Percentage<sup>3</sup></b>	<b>13%</b>	<b>18%</b>
<b>Operating Margin Percentage<sup>4</sup></b>	<b>10%</b>	<b>15%</b>

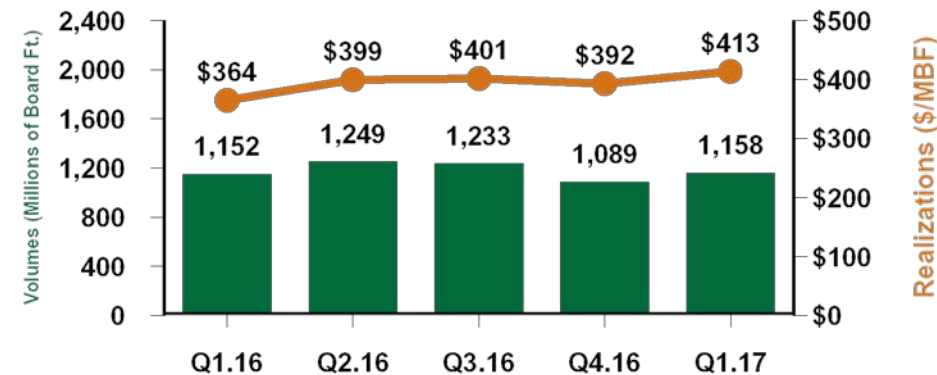
1. Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 19**.
2. Other (income) expense, 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 before special items divided by total sales.



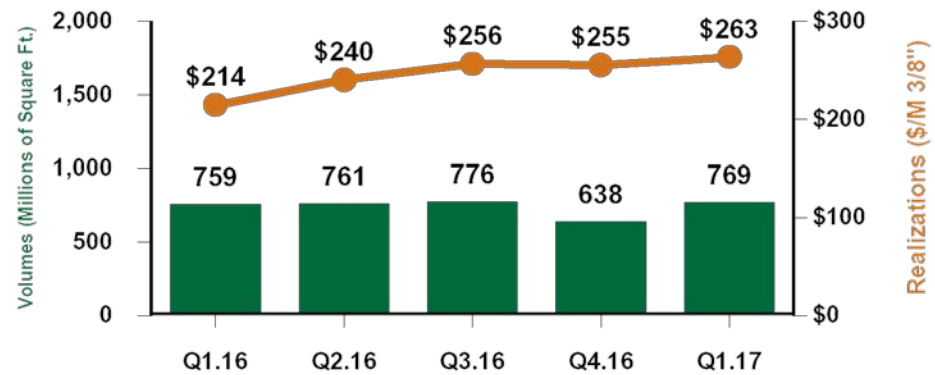
# 3<sup>RD</sup>-PARTY SALES VOLUMES AND REALIZATIONS<sup>1</sup>

Chart 9

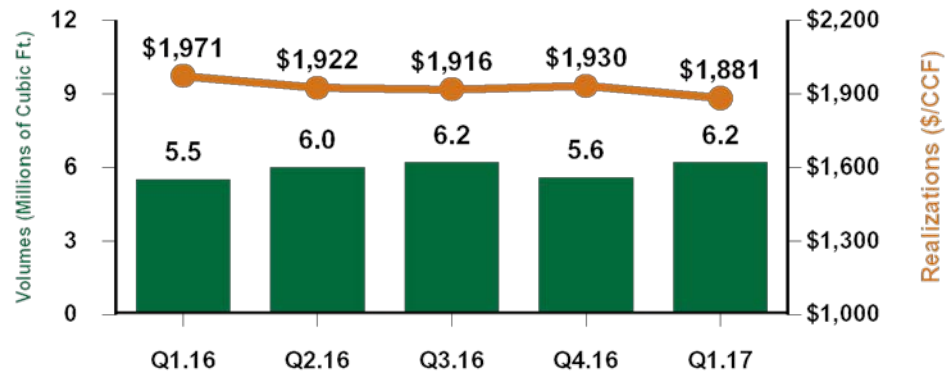
Lumber



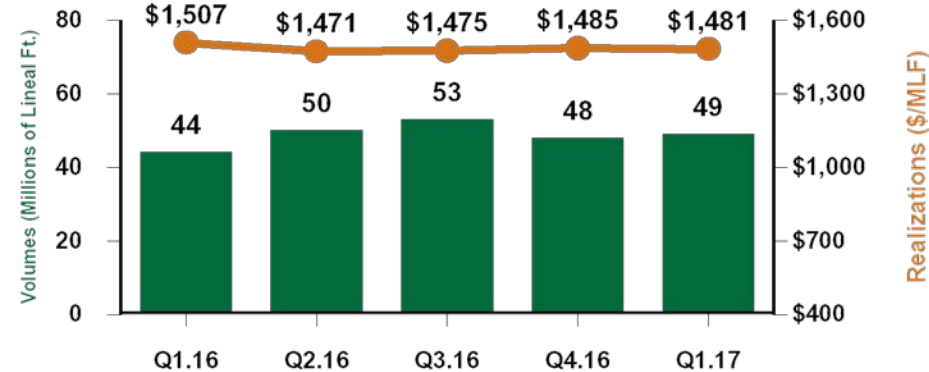
OSB



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 10

UNALLOCATED ITEMS (\$ Millions) <sup>1</sup>	2016	2017
	Q4	Q1
Unallocated corporate function expenses	\$ (25)	\$ (19)
Unallocated share-based compensation	2	(6)
Unallocated pension service costs	(1)	(2)
Foreign exchange gains (losses)	(7)	(3)
Elimination of intersegment profit in inventory and LIFO	(12)	(6)
Non-operating pension and other postretirement benefit (costs) credits <sup>2</sup>	11	(22)
Other, including interest income	6	4
<b>Contribution to Earnings Before Special Items</b>	<b>\$ (26)</b>	<b>\$ (54)</b>
Special items, pre-tax	(14)	(12)
<b>Contribution to Earnings</b>	<b>\$ (40)</b>	<b>\$ (66)</b>
<b>Adjusted EBITDA</b>	<b>\$ (45)</b>	<b>\$ (38)</b>

UNALLOCATED ITEMS (\$ Millions)	2016	2017
By Natural Expense	Q4	Q1
Cost of products sold <sup>3</sup>	\$ (12)	\$ (11)
G&A expenses <sup>4</sup>	(25)	(25)
Other income (expense), net	11	(18)
<b>Contribution to Earnings Before Special Items</b>	<b>\$ (26)</b>	<b>\$ (54)</b>
Special items, pre-tax	(14)	(12)
<b>Contribution to Earnings</b>	<b>\$ (40)</b>	<b>\$ (66)</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. In 2017 Q1, we adopted a new accounting standard that results in a change in the presentation of our pension and postretirement benefit costs, requiring us to show components of those costs (interest, expected return on plan assets, amortization of actuarial gains or losses, and amortization of prior service credits or costs) as a line item outside of "Operating income." We reclassified these components for all periods presented.
3. Cost of products sold is comprised primarily of elimination of intersegment profit in inventory and the LIFO reserve, unallocated pension service costs and unallocated incentive compensation.
4. G&A expense is comprised primarily of unallocated: share-base compensation; pension service costs; corporate function expenses, and unallocated incentive compensation.



# UNALLOCATED ITEMS

Chart 11

KEY FINANCIAL METRICS (\$ Millions)	2016 Q4	2017 Q1
Ending Cash Balance	\$ 676	\$ 455
Long-Term Debt <sup>1</sup>	\$ 6,610	\$ 6,606
Gross Debt to Adjusted EBITDA (LTM) <sup>2</sup>	4.2	3.9
Net Debt to Enterprise Value <sup>3</sup>	21%	19%

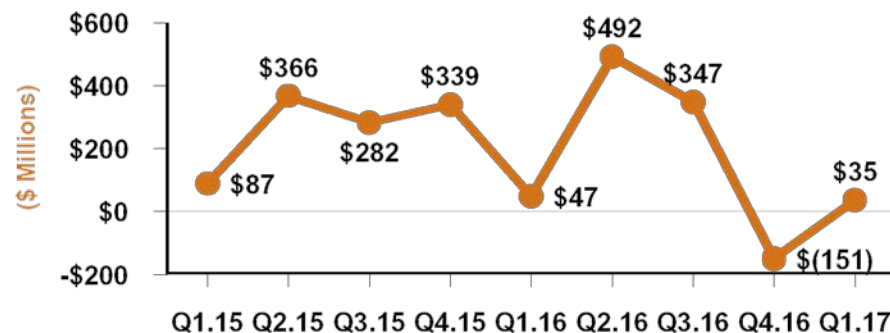
## Scheduled Debt Maturities as of March 31, 2017

(\$ Millions)	2017	2018	2019	2020	2021
Debt Maturities	\$ 281	\$ 62	\$ 500	\$ 550	\$ 754

1. Long-Term Debt includes \$281 million and \$343 million for the current portion of long-term debt in fourth quarter 2016 and first quarter 2017, respectively.
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 as of the end of the quarter.
4. 2016 capital expenditures include \$85 million for discontinued operations.

## Cash Flow from Operations

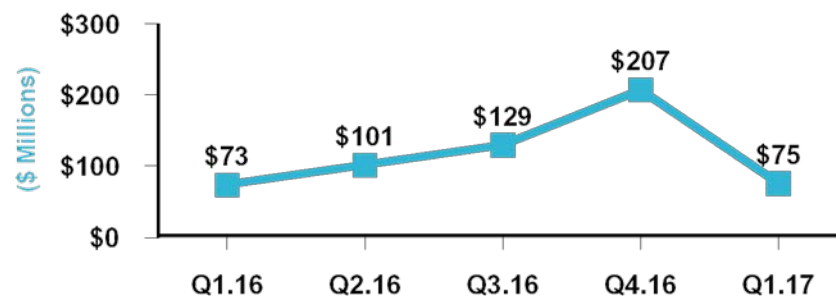
Includes discontinued operations



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



2016<sup>4</sup>: \$510 million

2017 YTD: \$75 million





SEGMENT	COMMENTS
<b>TIMBERLANDS</b>	<ul style="list-style-type: none"> <li>▪ Lower Western harvest volumes and higher logging, road and forestry costs, partially offset by slightly higher average log realizations</li> <li>▪ Higher fee harvest volumes and seasonally higher silviculture and forestry costs in South</li> <li>▪ Average log sales realizations in the South anticipated to be roughly comparable to Q1 2017</li> <li>▪ Expect earnings and Adjusted EBITDA to be comparable to 2016 Q2</li> </ul>
<b>REAL ESTATE, ENERGY &amp; NATURAL RESOURCES</b>	<ul style="list-style-type: none"> <li>▪ Expect earnings and Adjusted EBITDA to be comparable to 2017 Q1</li> <li>▪ Expect full year 2017 Adjusted EBITDA to exceed \$250 million</li> </ul>
<b>WOOD PRODUCTS</b>	<ul style="list-style-type: none"> <li>▪ Higher average sales realizations for lumber, OSB and engineered wood products</li> <li>▪ Increased sales volumes</li> <li>▪ Expect earnings and Adjusted EBITDA to be significantly higher than Q1 2017</li> </ul>





# APPENDIX



# PENSION AND POSTRETIREMENT EXPENSE

Chart 13

\$ Millions	2016				2017
Net Pension and Postretirement Cost (Credit)	Q1	Q2	Q3	Q4	Q1
Timberlands	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Real Estate, Energy & Natural Resources	—	—	—	—	—
Wood Products	5	6	6	5	6
Unallocated pension service costs	2	—	2	1	2
Non-operating pension and other postretirement benefit costs (credits)	(14)	(10)	(13)	(11)	22
Accelerated pension costs included in Plum Creek merger-related costs (not allocated)	5	—	—	—	—
<b>Total pension and postretirement cost (credit) for continuing operations before special items</b>	<b>\$ —</b>	<b>\$ (2)</b>	<b>\$ (3)</b>	<b>\$ (3)</b>	<b>\$ 32</b>
Pension and postretirement service costs directly attributable to discontinued operations	4	3	3	3	—
<b>Total company pension and postretirement costs</b>	<b>\$ 4</b>	<b>\$ 1</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 32</b>



# EARNINGS SUMMARY

Chart 14

\$ Millions	2016				2017
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1
Timberlands	\$ 199	\$ 220	\$ 223	\$ 223	\$ 242
Real Estate, Energy & Natural Resources	34	28	37	90	43
Wood Products	117	189	203	132	207
Unallocated Items	(14)	(24)	(29)	(45)	(38)
Total Adjusted EBITDA <sup>1</sup>	\$ 336	\$ 413	\$ 434	\$ 400	\$ 454
DD&A, basis of real estate sold, non-operating pension and postretirement costs, equity earnings/loss from joint ventures, and interest income and other	(95)	(119)	(122)	(177)	(162)
Total Contribution to Earnings from Continuing Operations before Special Items	\$ 241	\$ 294	\$ 312	\$ 223	\$ 292
Interest expense, net <sup>2</sup>	(95)	(114)	(114)	(108)	(99)
Income taxes <sup>3</sup>	(9)	(39)	(26)	(9)	(26)
Dividends on preference shares <sup>4</sup>	(11)	(11)	—	—	—
Net Earnings from Continuing Operations before Special Items <sup>5</sup>	\$ 126	\$ 130	\$ 172	\$ 106	\$ 167
Earnings from discontinued operations, net of income taxes	20	38	65	489	—
Special items, after-tax	(76)	(11)	(10)	(44)	(10)
Net Earnings to Common Shareholders	\$ 70	\$ 157	\$ 227	\$ 551	\$ 157
Diluted EPS from Continuing Operations Before Special Items <sup>5</sup>	\$ 0.20	\$ 0.17	\$ 0.23	\$ 0.14	\$ 0.22
Diluted EPS	\$ 0.11	\$ 0.21	\$ 0.30	\$ 0.73	\$ 0.21

1. See **Chart 16** 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 15**.



# EARNINGS PER SHARE RECONCILIATION

Chart 15

\$ Millions EXCEPT EPS	2016				2017
	Q1	Q2	Q3	Q4	Q1
<b>Weighted Average Shares Outstanding, Diluted</b>	<b>635</b>	<b>748</b>	<b>754</b>	<b>753</b>	<b>755</b>
<b>Diluted EPS from Continuing Operations Before Special Items</b>	<b>\$ 0.20</b>	<b>\$ 0.17</b>	<b>\$ 0.23</b>	<b>\$ 0.14</b>	<b>\$ 0.22</b>
Special Items:					
Gain on sale of non-strategic asset	0.03	—	—	—	—
Plum Creek merger-related costs	(0.15)	—	(0.02)	(0.01)	(0.01)
Legal expense	—	(0.01)	—	—	—
Restructuring, impairments, and other charges	—	—	—	(0.01)	—
Tax Adjustments	—	—	—	(0.04)	—
<b>Diluted EPS from Continuing Operations (GAAP)</b>	<b>\$ 0.08</b>	<b>\$ 0.16</b>	<b>\$ 0.21</b>	<b>\$ 0.08</b>	<b>\$ 0.21</b>
Discontinued Operations	0.03	0.05	0.09	0.65	—
<b>Diluted EPS (GAAP)</b>	<b>\$ 0.11</b>	<b>\$ 0.21</b>	<b>\$ 0.30</b>	<b>\$ 0.73</b>	<b>\$ 0.21</b>



# ADJUSTED EBITDA RECONCILIATION BY SEGMENT

Chart 16

\$ MILLIONS										
	2016 Q4					2017 Q1				
	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	\$ 90	\$ 132	\$ (45)	\$ 400	\$ 242	\$ 43	\$ 207	\$ (38)	\$ 454
Depletion, depreciation & amortization	(100)	(4)	(33)	—	(137)	(94)	(3)	(35)	(1)	(133)
Basis of real estate sold	—	(60)	—	—	(60)	—	(14)	—	—	(14)
Unallocated pension service costs	—	—	—	(1)	(1)	—	—	—	(2)	(2)
Special items in operating income	—	(14)	—	(14)	(28)	—	—	—	(12)	(12)
<b>Operating Income from Continuing Operations (GAAP)</b>	\$ 123	\$ 12	\$ 99	\$ (60)	\$ 174	\$ 148	\$ 26	\$ 172	\$ (53)	\$ 293
Equity earnings (loss) from joint ventures	—	1	—	—	1	—	—	—	—	—
Non-operating pension and other postretirement benefit (costs) credits	—	—	—	11	11	—	—	—	(22)	(22)
Interest income and other	—	—	—	9	9	—	—	—	9	9
<b>Net Contribution to Earnings</b>	\$ 123	\$ 13	\$ 99	\$ (40)	\$ 195	\$ 148	\$ 26	\$ 172	\$ (66)	\$ 280
Interest expense, net					(108)					(99)
Income taxes <sup>2</sup>					(25)					(24)
<b>Net Earnings from Continuing Operations</b>					\$ 62					\$ 157
Earnings from discontinued operations, net of income taxes					489					—
<b>Net Earnings (GAAP)</b>					\$ 551					\$ 157

- 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, unallocated pension service costs 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 2**.





# ADJUSTED EBITDA RECONCILIATION: TIMBERLANDS

Chart 17

\$ MILLIONS	2016 Q4					2017 Q1				
	West	South	North	Other	Total	West	South	North	Other	Total
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 101</b>	<b>\$ 112</b>	<b>\$ 7</b>	<b>\$ 3</b>	<b>\$ 223</b>	<b>\$ 133</b>	<b>\$ 96</b>	<b>\$ 8</b>	<b>\$ 5</b>	<b>\$ 242</b>
Depreciation, depletion & amortization	(28)	(52)	(5)	(15)	(100)	(31)	(45)	(5)	(13)	(94)
Special items	—	—	—	—	—	—	—	—	—	—
<b>Operating Income (GAAP)</b>	<b>\$ 73</b>	<b>\$ 60</b>	<b>\$ 2</b>	<b>\$ (12)</b>	<b>\$ 123</b>	<b>\$ 102</b>	<b>\$ 51</b>	<b>\$ 3</b>	<b>\$ (8)</b>	<b>\$ 148</b>
Interest income and other	—	—	—	—	—	—	—	—	—	—
<b>Net Contribution to Earnings (GAAP)</b>	<b>\$ 73</b>	<b>\$ 60</b>	<b>\$ 2</b>	<b>\$ (12)</b>	<b>\$ 123</b>	<b>\$ 102</b>	<b>\$ 51</b>	<b>\$ 3</b>	<b>\$ (8)</b>	<b>\$ 148</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, unallocated pension service costs 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 RECONCILIATION: REAL ESTATE, ENERGY & NATURAL RESOURCES

Chart 18

\$ Millions	2016 Q4			2017 Q1		
	Real Estate	Energy & Natural Resources	Total	Real Estate	Energy & Natural Resources	Total
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$ 75</b>	<b>\$ 15</b>	<b>\$ 90</b>	<b>\$ 29</b>	<b>\$ 14</b>	<b>\$ 43</b>
Depletion, depreciation & amortization	—	(4)	(4)	—	(3)	(3)
Basis of real estate sold	(60)	—	(60)	(14)	—	(14)
Special items in operating income	(14)	—	(14)	—	—	—
<b>Operating Income (GAAP)</b>	<b>\$ 1</b>	<b>\$ 11</b>	<b>\$ 12</b>	<b>\$ 15</b>	<b>\$ 11</b>	<b>\$ 26</b>
Equity earnings (loss) from joint ventures	1	—	1	—	—	—
Interest income and other	—	—	—	—	—	—
<b>Net Contribution to Earnings (GAAP)</b>	<b>\$ 2</b>	<b>\$ 11</b>	<b>\$ 13</b>	<b>\$ 15</b>	<b>\$ 11</b>	<b>\$ 26</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, unallocated pension service costs 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 RECONCILIATION: WOOD PRODUCTS

Chart 19

\$ Millions	2016 Q4						2017 Q1					
	Lumber	OSB	EWP	Distribution	Other	Total	Lumber	OSB	EWP	Distribution	Other	Total
<b>Adjusted EBITDA<sup>1, 2</sup></b>	<b>\$ 57</b>	<b>\$ 46</b>	<b>\$ 26</b>	<b>\$ 5</b>	<b>\$ (2)</b>	<b>\$ 132</b>	<b>\$ 99</b>	<b>\$ 66</b>	<b>\$ 37</b>	<b>\$ 8</b>	<b>\$ (3)</b>	<b>\$ 207</b>
Depletion, depreciation & amortization	(14)	(8)	(10)	(1)	—	(33)	(15)	(7)	(12)	(1)	—	(35)
Special items in operating income	—	—	—	—	—	—	—	—	—	—	—	—
<b>Operating Income (GAAP)</b>	<b>\$ 43</b>	<b>\$ 38</b>	<b>\$ 16</b>	<b>\$ 4</b>	<b>\$ (2)</b>	<b>\$ 99</b>	<b>\$ 84</b>	<b>\$ 59</b>	<b>\$ 25</b>	<b>\$ 7</b>	<b>\$ (3)</b>	<b>\$ 172</b>
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Contribution to Earnings (GAAP)</b>	<b>\$ 43</b>	<b>\$ 38</b>	<b>\$ 16</b>	<b>\$ 4</b>	<b>\$ (2)</b>	<b>\$ 99</b>	<b>\$ 84</b>	<b>\$ 59</b>	<b>\$ 25</b>	<b>\$ 7</b>	<b>\$ (3)</b>	<b>\$ 172</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, unallocated pension service costs 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 ADJUSTED EBITDA RECONCILIATION

Chart 20

\$ MILLIONS	2016	2017
	Q4	Q1
<b>Gross Debt to Adjusted EBITDA (LTM)<sup>1, 2</sup></b>	<b>4.2</b>	<b>3.9</b>
<b>Long-Term Debt</b>	<b>\$ 6,610</b>	<b>\$ 6,606</b>
<b>Adjusted EBITDA (LTM)<sup>2</sup></b>	<b>\$ 1,583</b>	<b>\$ 1,701</b>
Depletion, depreciation & amortization	(512)	(541)
Basis of real estate sold	(109)	(106)
Unallocated pension service costs	(5)	(5)
Special Items in operating income	(135)	(73)
<b>Operating Income (LTM) (GAAP)</b>	<b>\$ 822</b>	<b>\$ 976</b>
Equity earnings (loss) from joint ventures	22	17
Non-operating pension and other post-retirement benefit costs	48	12
Interest income and other	43	43
<b>Net Contribution to Earnings (LTM)</b>	<b>\$ 935</b>	<b>\$ 1,048</b>
Interest expense, net of capitalized interest	(431)	(435)
Income taxes <sup>3</sup>	(89)	(102)
<b>Net Earnings from Continuing Operations (LTM)</b>	<b>\$ 415</b>	<b>\$ 511</b>
Earnings from discontinued operations, net of income taxes	612	\$ 592
<b>Net Earnings (LTM) (GAAP)</b>	<b>\$ 1,027</b>	<b>\$ 1,103</b>
Dividends on preference shares	(22)	(11)
<b>Net Earnings to Common Shareholders (LTM) (GAAP)</b>	<b>\$ 1,005</b>	<b>\$ 1,092</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 divided by the last twelve months of Adjusted EBITDA. See **Chart 16** for our definition of Adjusted EBITDA.
3. The income tax effects of special items can be found in a reconciliation set forth in **Chart 2**.

