



WEYERHAEUSER EARNINGS RESULTS

3rd QUARTER 2017 | October 27, 2017



FORWARD-LOOKING STATEMENTS

This presentation contains statements and depictions that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, with respect to future revenues, earnings, cash flow, taxes, adjusted EBITDA, production, performance, divestitures, real estate sales volumes, pricing, margins, capital expenditures, operating expense, sales realizations and volumes and harvest volumes. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements may be identified by our use of certain words in such statements, including without limitation words such as “anticipate,” “believe,” “continue,” “continued,” “could,” “forecast,” “estimate,” “outlook,” “goal,” “will,” “plan,” “expect,” “target,” “would” and similar words and terms and phrases using such terms and words, while depictions that constitute forward-looking statements may be identified by graphs, charts or other illustrations indicating expected or predicted occurrences of events, conditions, performance or achievements at a future date or during future time periods. We may refer to assumptions, goals or targets, or we may reference expected performance through, or events to occur by or at, a future date, and such references may also constitute forward-looking statements. Forward-looking statements are based on management’s current expectations and assumptions concerning future events, and are inherently subject to uncertainties and factors relating to our operations and business environment that are difficult to predict and often beyond the company’s control. These and other factors could cause one or more of our expectations to be unmet, one or more of our assumptions to be materially inaccurate or actual results to differ materially from those expressed or implied in our forward-looking statements. Such factors include, without limitation: our ability to successfully execute our performance plans, including cost reductions and other operational excellence initiatives; the effect of general economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages and the strength of the U.S. dollar; market demand for our products, including demand for our timberland properties with higher and better uses, which in turn is related to the strength of various U.S. business segments and U.S. and international economic conditions; domestic and foreign competition; 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 market price of our common stock on charges for share-based compensation; the accuracy of our estimates of costs and expenses related to contingent liabilities; changes in accounting principles; and other factors described in filings we make from time to time with the Securities and Exchange Commission, including without limitation the risk factors described in our annual report on Form 10-K for the year ended December 31, 2016. There is no guarantee that any of the anticipated events or results articulated in this presentation will occur or, if they occur, what effect they will have on the company’s results of operations or financial condition. The forward-looking statements contained herein apply only as of the date of this presentation and we do not undertake any obligation to update these forward-looking statements. Nothing on our website is intended to be included or incorporated by reference into, or made a part of, this presentation.

Also included in this presentation are certain non-GAAP financial measures, which management believes complement the financial information presented in accordance with U.S. generally accepted accounting principles. Management believes such non-GAAP measures may be useful to investors. Our non-GAAP financial measures may not be comparable to similarly named or captioned non-GAAP financial measures of other companies due to potential inconsistencies in how such measures are calculated. A reconciliation of each presented non-GAAP measure to its most directly comparable GAAP measure is provided in the appendices to this presentation.



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*
- 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 Q3 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2017	2017	
Adjusted EBITDA	Q2	Q3	Change
Timberlands	\$ 222	\$ 220	\$ (2)
Real Estate, Energy & Natural Resources	37	74	37
Wood Products	274	278	4
Unallocated Items	(27)	(3)	24
Total Adjusted EBITDA¹	\$ 506	\$ 569	\$ 63
Contribution to Earnings Before Special Items	\$ 368	\$ 408	\$ 40

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 16**.
2. Includes R&D expenses; 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**. Income taxes attributable to special items are included in Special items, after-tax.

\$ Millions EXCEPT EPS	2017	2017
Consolidated Statement of Operations Before Special Items	Q2	Q3
Net sales	\$ 1,808	\$ 1,872
Cost of products sold	1,336	1,374
Gross margin	472	498
SG&A expenses	98	97
Other (income) expense, net ²	6	(7)
Total Contribution to Earnings Before Special Items	\$ 368	\$ 408
Interest expense, net ³	(100)	(98)
Income taxes ⁴	(56)	(51)
Net Earnings Before Special Items⁴	\$ 212	\$ 259
Special items, after-tax ⁴	(188)	(129)
Net Earnings	\$ 24	\$ 130
Diluted EPS Before Special Items⁴	\$ 0.28	\$ 0.34
Diluted EPS	\$ 0.03	\$ 0.17



EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions EXCEPT EPS	2017 Q2			2017 Q3		
	Pre-Tax Earnings	After-Tax Earnings	Diluted EPS	Pre-Tax Earnings	After-Tax Earnings	Diluted EPS
Earnings Before Special Items	\$ 268	\$ 212	\$ 0.28	\$ 310	\$ 259	\$ 0.34
Special Items:						
Plum Creek merger and integration-related costs	(2)	(2)	—	(6)	(3)	—
Uruguay impairment	(147)	(147)	(0.20)	—	—	—
Impairment on non-strategic asset	—	—	—	(6)	(4)	(0.01)
Product remediation	(50)	(31)	(0.04)	(190)	(118)	(0.15)
Countervailing and antidumping duties	(11)	(8)	(0.01)	(5)	(4)	(0.01)
Total Special Items	(210)	(188)	(0.25)	(207)	(129)	(0.17)
Earnings Including Special Items (GAAP)	\$ 58	\$ 24	\$ 0.03	\$ 103	\$ 130	\$ 0.17



TIMBERLANDS SEGMENT¹

Chart 3

TIMBERLANDS (\$ Millions)	2017	2017
Adjusted EBITDA by Region	Q2	Q3
West	\$ 124	\$ 111
South	91	95
North	2	4
Other	5	10
Total Adjusted EBITDA³	\$ 222	\$ 220

3rd Quarter Notes

- Lower Western volumes due to fire season restrictions
- Higher Western sales realizations
- Higher Southern volumes and comparable realizations
- Slightly higher forestry costs

TIMBERLANDS (\$ Millions)	2017	2017
Segment Statement of Operations	Q2	Q3
Third party sales	\$ 461	\$ 480
Intersegment sales	126	125
Total Sales	587	605
Cost of products sold	429	450
Gross margin	158	155
SG&A expenses	23	24
Other (income) expense, net ²	—	—
Contribution to Earnings Before Special Items	\$ 135	\$ 131
Special items, pre-tax	(147)	—
Contribution to Earnings	\$ (12)	\$ 131
Adjusted EBITDA³	\$ 222	\$ 220
Adjusted EBITDA Margin Percentage⁴	38%	36%
Operating Margin Percentage⁵	23%	22%

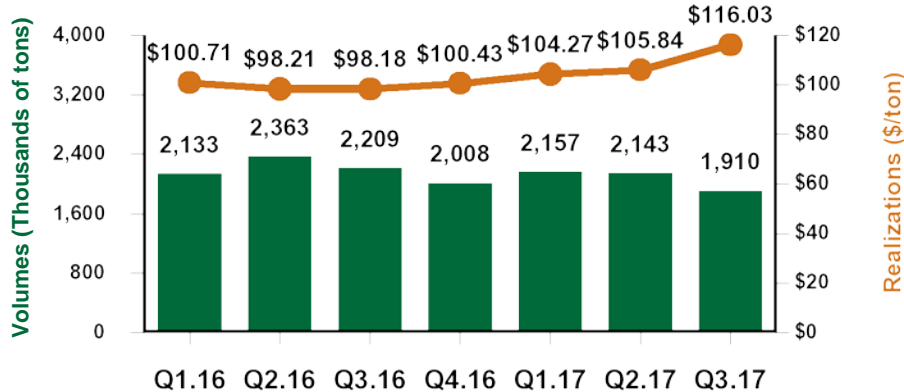
1. Amounts presented exclude Canadian Forestlands operations, which are operated for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities and contribute no margin to the Timberlands segment.
2. Other (income) expense, net includes: R&D expenses and other operating income, net.
3. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 17**.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings before special items divided by total sales.



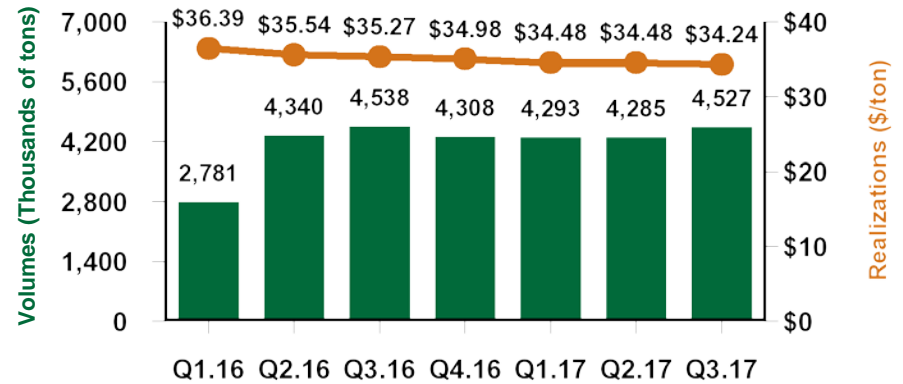
SALES VOLUMES AND REALIZATIONS

Chart 4

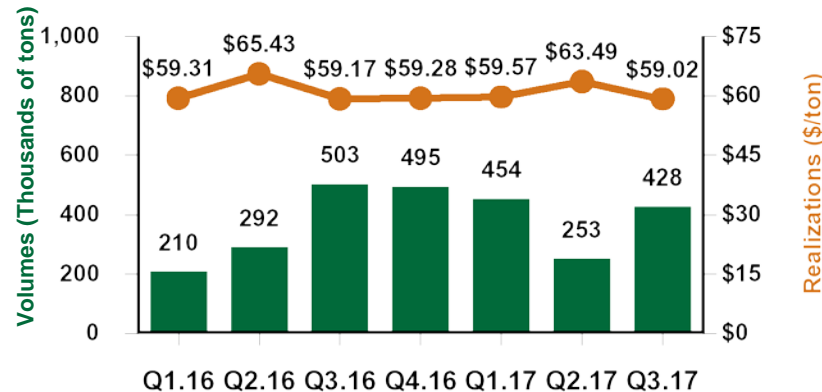
3rd-Party Log Sales and Realizations - West¹



3rd-Party Log Sales and Realizations - South



3rd-Party Log Sales and Realizations - North



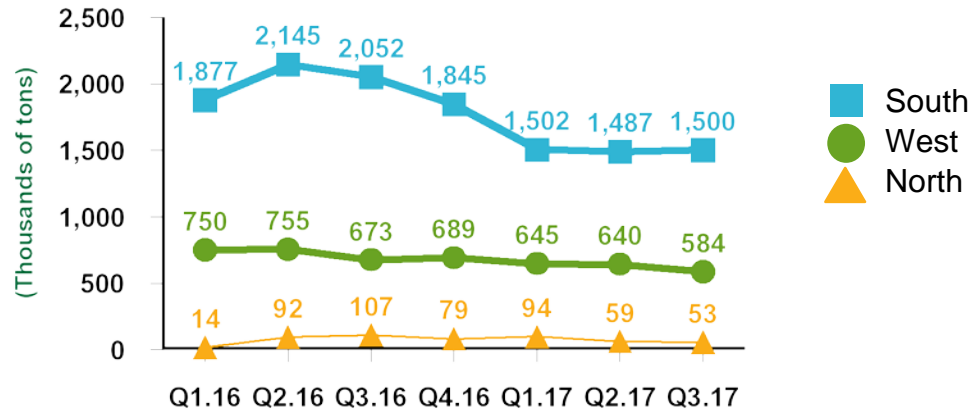
1. Western logs are primarily transacted in MBF but are converted to ton equivalents for external reporting purposes.



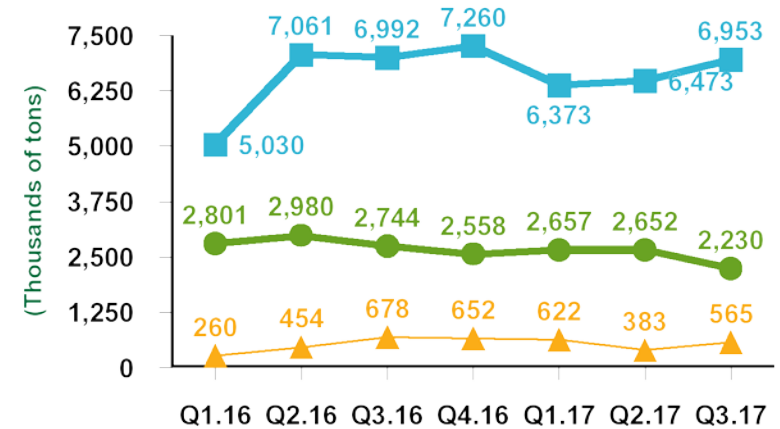
EXPORT SALES, FEE HARVEST VOLUMES, AND INTERSEGMENT SALES VOLUMES

Chart 5

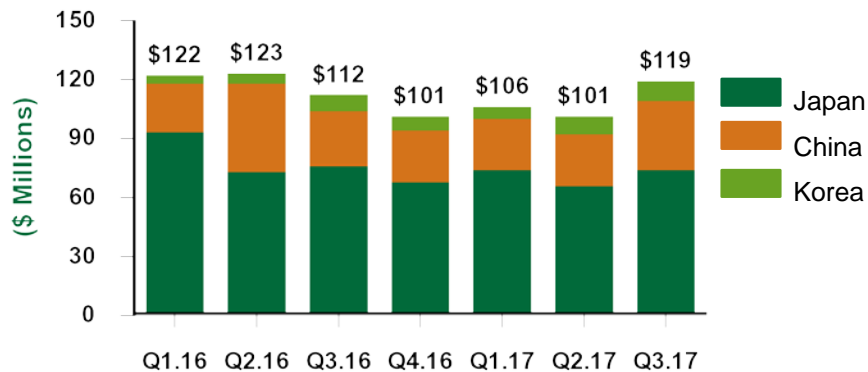
Intersegment Log Sales Volume¹



Fee Harvest Volume²

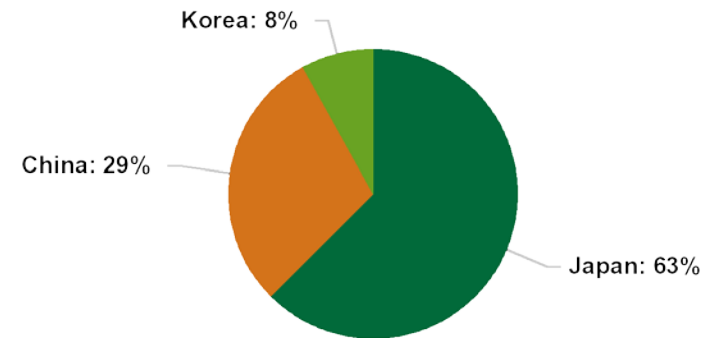


Export Log Revenue



Export Log Revenue by Country

2017 Q3



- Intersegment log sales volumes declined beginning in first quarter 2017 due to the divestiture of our Cellulose Fibers pulp mills and reclassification of certain third party log procurement activities.
- First quarter 2016 includes only a partial quarter of Plum Creek legacy volume.



REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT¹

Chart 6

Real Estate & ENR (\$ Millions)	2017	2017
Adjusted EBITDA by Business	Q2	Q3
Real Estate	\$ 20	\$ 58
Energy & Natural Resources	17	16
Total Adjusted EBITDA²	\$ 37	\$ 74

3rd Quarter Notes

- Seasonally higher real estate sales
- Slightly lower Energy & Natural Resources royalties

Real Estate & ENR (\$ Millions)	2017	2017
Segment Statement of Operations	Q2	Q3
Total sales	46	82
Cost of products sold	16	31
Gross margin	30	51
SG&A expenses	7	6
Earnings from Real Estate joint ventures	—	(1)
Other (income) expense, net ³	—	(1)
Contribution to Earnings	\$ 23	\$ 47
Adjusted EBITDA²	\$ 37	\$ 74

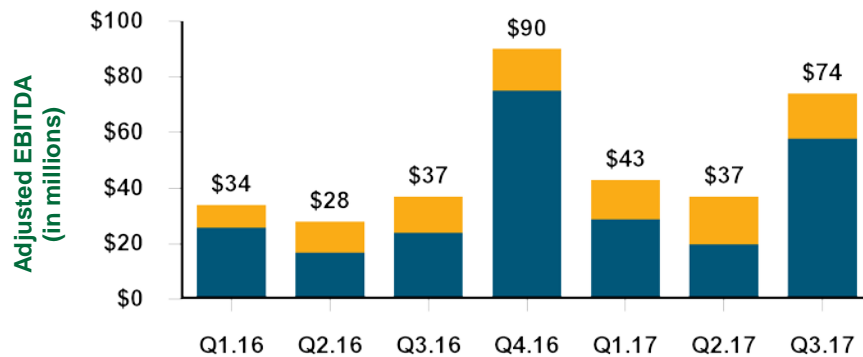
- The Real Estate, Energy & Natural Resources segment includes sales of higher and better use and non-core timberlands and royalties related to minerals and oil and gas assets, all of which were formerly reported in Weyerhaeuser's Timberlands segment. The segment also includes equity interest in our Real Estate joint ventures.
- Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 18**.
- Other (income) expense, net includes: R&D expense; charges for integration and restructuring, closures and asset impairments; other operating income, net.



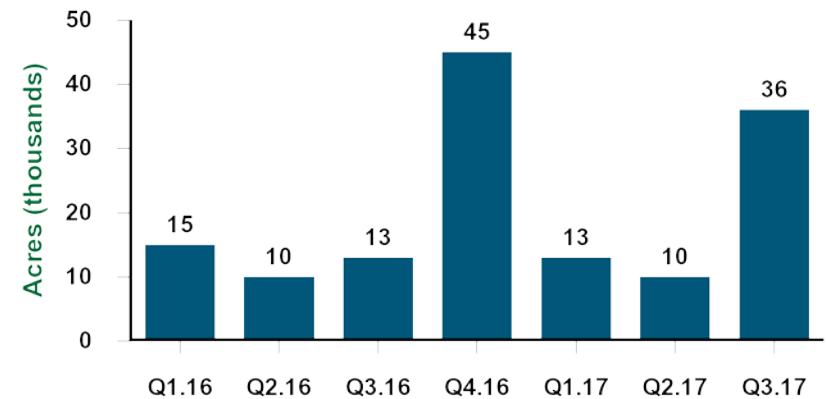
REAL ESTATE, ENERGY & NATURAL RESOURCES (ENR) SEGMENT

Chart 7

Real Estate & ENR
Adjusted EBITDA¹



Acreage Sold



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)	2017	2017
Adjusted EBITDA by Business	Q2	Q3
Lumber	\$ 127	\$ 117
OSB	87	102
Engineered Wood Products	52	50
Distribution	13	12
Other	(5)	(3)
Total Adjusted EBITDA¹	\$ 274	\$ 278

3rd Quarter Notes

- Improved average sales realizations, with OSB up 11%
- Slightly lower sales volumes for most products
- Lower operating rates due to fire season log availability limitations and planned maintenance

WOOD PRODUCTS (\$ Millions)	2017	2017
Segment Statement of Operations	Q2	Q3
Total sales	1,293	1,299
Cost of products sold	1,002	1,005
Gross margin	291	294
SG&A expenses	51	50
Other (income) expense, net ²	2	3
Contribution to Earnings Before Special Items	\$ 238	\$ 241
Special items, pre-tax	(61)	(201)
Contribution to Earnings	\$ 177	\$ 40
Adjusted EBITDA¹	\$ 274	\$ 278
Adjusted EBITDA Margin Percentage³	21%	21%
Operating Margin Percentage⁴	18%	19%

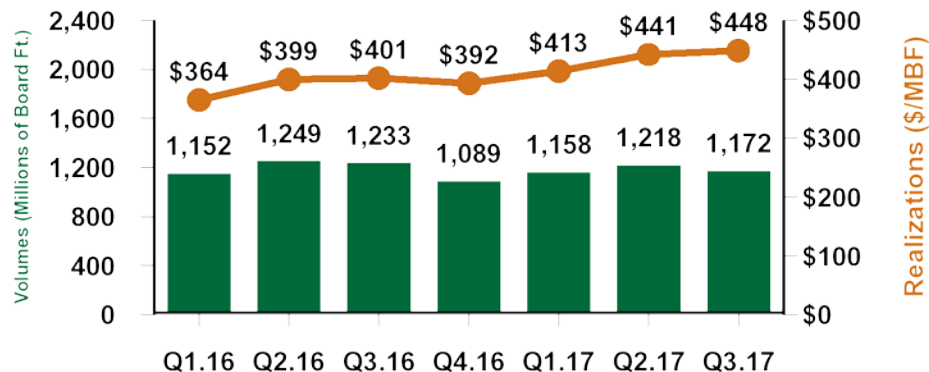
1. Adjusted EBITDA for Wood Products businesses include earnings on internal sales, primarily from the manufacturing businesses to Distribution. These sales occur at market price. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 19**.
2. Other (income) expense,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



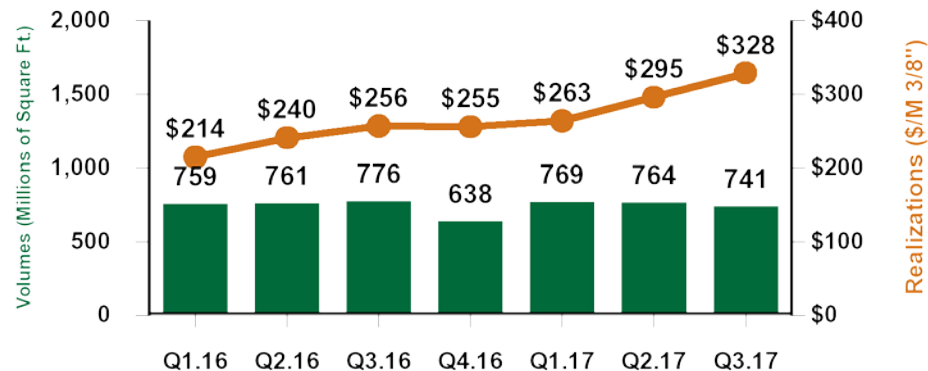
3RD-PARTY SALES VOLUMES AND REALIZATIONS¹

Chart 9

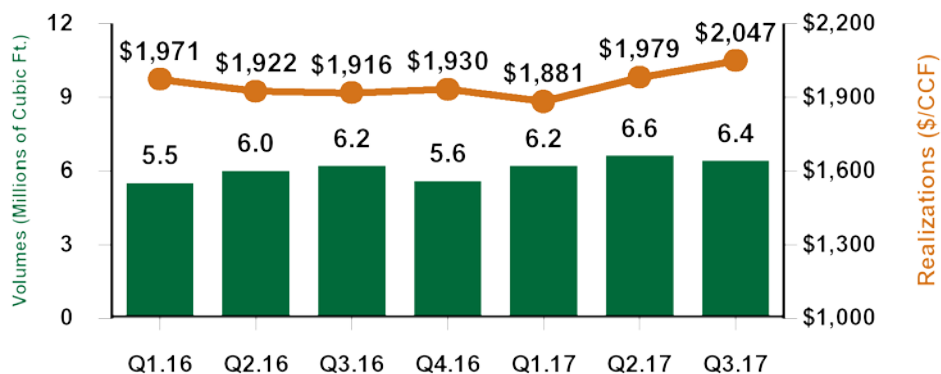
Lumber



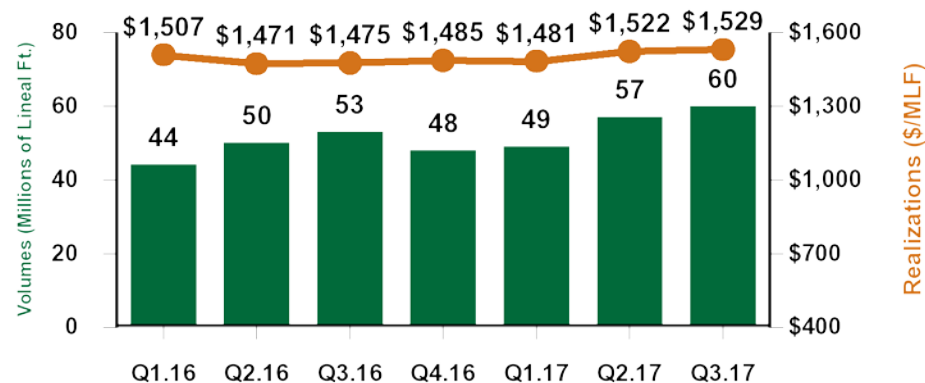
OSB



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) ¹	2017	2017
	Q2	Q3
Unallocated corporate function expenses	\$ (17)	\$ (19)
Unallocated share-based compensation	—	(1)
Unallocated pension service costs	—	(1)
Foreign exchange gains (losses)	—	3
Elimination of intersegment profit in inventory and LIFO	(3)	3
Non-operating pension and other postretirement benefit (costs) credits	(8)	(16)
Other, including interest income	—	20
Contribution to Earnings Before Special Items	\$ (28)	\$ (11)
Special items, pre-tax	(2)	(6)
Contribution to Earnings	\$ (30)	\$ (17)
Adjusted EBITDA	\$ (27)	\$ (3)

UNALLOCATED ITEMS (\$ Millions)	2017	2017
By Natural Expense	Q2	Q3
Cost of products sold ²	\$ (7)	\$ (2)
G&A expenses ³	(14)	(16)
Other income (expense), net	(7)	7
Contribution to Earnings Before Special Items	\$ (28)	\$ (11)
Special items, pre-tax	(2)	(6)
Contribution to Earnings	\$ (30)	\$ (17)

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.
2. 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.
3. G&A expense is comprised primarily of unallocated: share-based compensation; pension service costs; corporate function expenses, and unallocated incentive compensation.



FINANCIAL ITEMS

Chart 11

KEY FINANCIAL METRICS (\$ Millions)	2017 Q2	2017 Q3
Ending Cash Balance	\$ 701	\$ 497
Long-Term Debt ¹	\$ 6,604	\$ 5,995
Gross Debt to Adjusted EBITDA (LTM) ²	3.7	3.1
Net Debt to Enterprise Value ³	19%	18%

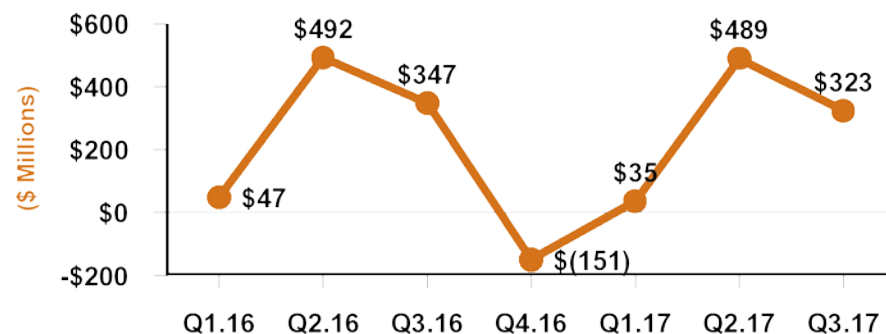
Scheduled Debt Maturities as of September 30, 2017

(\$ Millions)	2017	2018	2019	2020	2021
Debt Maturities	\$ —	\$ 62	\$ 500	\$ —	\$ 719

1. Long-Term Debt includes \$668 million and \$62 million for the current portion of long-term debt in second quarter 2017 and third 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

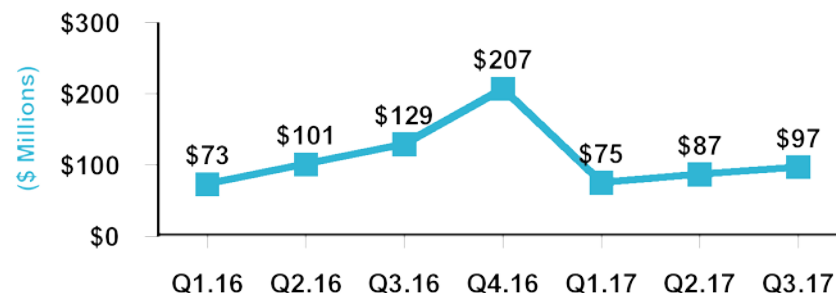
Includes discontinued operations



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



2016⁴: \$510 million

2017 YTD: \$259 million



OUTLOOK: 2017 Q4

Chart 12

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Higher Western fee harvest volumes and slightly higher log sales realizations• Slightly higher Southern fee harvest volumes and comparable log sales realizations• Higher road and forestry expense due to weather-related deferral of third quarter activities• Expect earnings and Adjusted EBITDA to be higher than 2017 Q3
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">• Expect earnings and Adjusted EBITDA to be significantly higher than 2017 Q3• Anticipate full year Adjusted EBITDA of approximately \$250 million
WOOD PRODUCTS	<ul style="list-style-type: none">• Modestly higher sales realizations for lumber and oriented strand board• Slightly higher Western log costs• Seasonally lower engineered wood sales volume and higher per unit manufacturing costs due to planned seasonal and maintenance downtime• Expect earnings and Adjusted EBITDA to be comparable to 2017 Q3



APPENDIX



PENSION AND POSTRETIREMENT EXPENSE

Chart 13

\$ Millions	2016				2017		
Net Pension and Postretirement Cost (Credit)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Timberlands	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Real Estate, Energy & Natural Resources	—	—	—	—	—	—	—
Wood Products	5	6	6	5	6	5	6
Unallocated pension service costs	2	—	2	1	2	—	1
Non-operating pension and other postretirement benefit costs (credits)	(14)	(10)	(13)	(11)	22	8	16
Accelerated pension costs included in Plum Creek merger-related costs (not allocated)	5	—	—	—	—	—	—
Total pension and postretirement cost (credit) for continuing operations before special items	\$ —	\$ (2)	\$ (3)	\$ (3)	\$ 32	\$ 15	\$ 25
Pension and postretirement service costs directly attributable to discontinued operations	4	3	3	3	—	—	—
Total company pension and postretirement costs	\$ 4	\$ 1	\$ —	\$ —	\$ 32	\$ 15	\$ 25



EARNINGS SUMMARY

Chart 14

\$ Millions	2016				2017		
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Timberlands	\$ 199	\$ 220	\$ 223	\$ 223	\$ 242	\$ 222	\$ 220
Real Estate, Energy & Natural Resources	34	28	37	90	43	37	74
Wood Products	117	189	203	132	207	274	278
Unallocated Items	(14)	(24)	(29)	(45)	(38)	(27)	(3)
Total Adjusted EBITDA ¹	\$ 336	\$ 413	\$ 434	\$ 400	\$ 454	\$ 506	\$ 569
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)	(138)	(161)
Total Contribution to Earnings from Continuing Operations before Special Items	\$ 241	\$ 294	\$ 312	\$ 223	\$ 292	\$ 368	\$ 408
Interest expense, net ²	(95)	(114)	(114)	(108)	(99)	(100)	(98)
Income taxes	(9)	(39)	(26)	(9)	(26)	(56)	(51)
Net Earnings from Continuing Operations before Special Items ⁵	\$ 137	\$ 141	\$ 172	\$ 106	\$ 167	\$ 212	\$ 259
Earnings from discontinued operations, net of income taxes	20	38	65	489	—	—	—
Dividends on preference shares ⁴	(11)	(11)	—	—	—	—	—
Special items, after-tax ³	(76)	(11)	(10)	(44)	(10)	(188)	(129)
Net Earnings to Common Shareholders	\$ 70	\$ 157	\$ 227	\$ 551	\$ 157	\$ 24	\$ 130
Diluted EPS from Continuing Operations Before Special Items ⁵	\$ 0.20	\$ 0.17	\$ 0.23	\$ 0.14	\$ 0.22	\$ 0.28	\$ 0.34
Diluted EPS	\$ 0.11	\$ 0.21	\$ 0.30	\$ 0.73	\$ 0.21	\$ 0.03	\$ 0.17

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. 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	Q2	Q3
Weighted Average Shares Outstanding, Diluted	635	748	754	753	755	756	757
Diluted EPS from Continuing Operations Before Special Items	\$ 0.20	\$ 0.17	\$ 0.23	\$ 0.14	\$ 0.22	\$ 0.28	\$ 0.34
Special Items:							
Plum Creek merger-related costs	(0.15)	—	(0.02)	(0.01)	(0.01)	—	—
Restructuring, impairments and other charges	—	—	—	(0.01)	—	(0.20)	—
Impairment on non-strategic asset	—	—	—	—	—	—	(0.01)
Gain on sale of non-strategic asset	0.03	—	—	—	—	—	—
Legal expense	—	(0.01)	—	—	—	—	—
Product remediation	—	—	—	—	—	(0.04)	(0.15)
Countervailing and antidumping duties	—	—	—	—	—	(0.01)	(0.01)
Tax Adjustments	—	—	—	(0.04)	—	—	—
Diluted EPS from Continuing Operations (GAAP)	\$ 0.08	\$ 0.16	\$ 0.21	\$ 0.08	\$ 0.21	\$ 0.03	\$ 0.17
Discontinued Operations	0.03	0.05	0.09	0.65	—	—	—
Diluted EPS (GAAP)	\$ 0.11	\$ 0.21	\$ 0.30	\$ 0.73	\$ 0.21	\$ 0.03	\$ 0.17



ADJUSTED EBITDA RECONCILIATION BY SEGMENT

Chart 16

\$ MILLIONS	2017 Q2					2017 Q3				
	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
Adjusted EBITDA¹	\$ 222	\$ 37	\$ 274	\$ (27)	\$ 506	\$ 220	\$ 74	\$ 278	\$ (3)	\$ 569
Depletion, depreciation & amortization	(87)	(4)	(36)	(2)	(129)	(89)	(4)	(37)	(2)	(132)
Basis of real estate sold	—	(10)	—	—	(10)	—	(24)	—	—	(24)
Unallocated pension service costs	—	—	—	—	—	—	—	—	(1)	(1)
Special items in operating income	(147)	—	(61)	(2)	(210)	—	—	(201)	(6)	(207)
Operating Income (GAAP)	\$ (12)	\$ 23	\$ 177	\$ (31)	\$ 157	\$ 131	\$ 46	\$ 40	\$ (12)	\$ 205
Equity earnings (loss) from joint ventures	—	—	—	—	—	—	1	—	—	1
Non-operating pension and other postretirement benefit (costs) credits	—	—	—	(8)	(8)	—	—	—	(16)	(16)
Interest income and other	—	—	—	9	9	—	—	—	11	11
Net Contribution to Earnings	\$ (12)	\$ 23	\$ 177	\$ (30)	\$ 158	\$ 131	\$ 47	\$ 40	\$ (17)	\$ 201
Interest expense, net					(100)					(98)
Income taxes ²					(34)					27
Net Earnings (GAAP)					\$ 24					\$ 130

- 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	2017 Q2					2017 Q3				
	West	South	North	Other	Total	West	South	North	Other	Total
Adjusted EBITDA¹	\$ 124	\$ 91	\$ 2	\$ 5	\$ 222	\$ 111	\$ 95	\$ 4	\$ 10	\$ 220
Depreciation, depletion & amortization	(29)	(43)	(3)	(12)	(87)	(26)	(49)	(4)	(10)	(89)
Special items	—	—	—	(147)	(147)	—	—	—	—	—
Operating Income (GAAP)	\$ 95	\$ 48	\$ (1)	\$ (154)	\$ (12)	\$ 85	\$ 46	\$ —	\$ —	\$ 131
Interest income and other	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 95	\$ 48	\$ (1)	\$ (154)	\$ (12)	\$ 85	\$ 46	\$ —	\$ —	\$ 131

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 AND NATURAL RESOURCES

Chart 18

\$ Millions	2017 Q2			2017 Q3		
	Real Estate	Energy & Natural Resources	Total	Real Estate	Energy & Natural Resources	Total
Adjusted EBITDA¹	\$ 20	\$ 17	\$ 37	\$ 58	\$ 16	\$ 74
Depletion, depreciation & amortization	—	(4)	(4)	—	(4)	(4)
Basis of real estate sold	(10)	—	(10)	(24)	—	(24)
Special items in operating income	—	—	—	—	—	—
Operating Income (GAAP)	\$ 10	\$ 13	\$ 23	\$ 34	\$ 12	\$ 46
Equity earnings (loss) from joint ventures	—	—	—	1	—	1
Interest income and other	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 10	\$ 13	\$ 23	\$ 35	\$ 12	\$ 47

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	2017 Q2						2017 Q3					
	Lumber	OSB	EWP	Distribution	Other	Total	Lumber	OSB	EWP	Distribution	Other	Total
Adjusted EBITDA^{1,2}	\$ 127	\$ 87	\$ 52	\$ 13	\$ (5)	\$ 274	\$ 117	\$ 102	\$ 50	\$ 12	\$ (3)	\$ 278
Depletion, depreciation & amortization	(17)	(7)	(11)	(1)	—	(36)	(17)	(8)	(12)	—	—	(37)
Special items in operating income	(11)	—	(50)	—	—	(61)	(5)	—	(196)	—	—	(201)
Operating Income (GAAP)	\$ 99	\$ 80	\$ (9)	\$ 12	\$ (5)	\$ 177	\$ 95	\$ 94	\$ (158)	\$ 12	\$ (3)	\$ 40
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 99	\$ 80	\$ (9)	\$ 12	\$ (5)	\$ 177	\$ 95	\$ 94	\$ (158)	\$ 12	\$ (3)	\$ 40

- 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	2017	2017
	Q2	Q3
Gross Debt to Adjusted EBITDA (LTM)^{1,2}	3.7	3.1
Long-Term Debt	\$ 6,604	\$ 5,995
Adjusted EBITDA (LTM)²	\$ 1,794	\$ 1,929
Depletion, depreciation & amortization	(537)	(531)
Basis of real estate sold	(103)	(108)
Unallocated pension service costs	(5)	(4)
Special Items in operating income	(264)	(457)
Operating Income (LTM) (GAAP)	\$ 885	\$ 829
Equity earnings (loss) from joint ventures	10	2
Non-operating pension and other post-retirement benefit costs	(6)	(35)
Interest income and other	42	38
Net Contribution to Earnings (LTM)	\$ 931	\$ 834
Interest expense, net of capitalized interest	(421)	(405)
Income taxes ³	(105)	(56)
Net Earnings from Continuing Operations (LTM)	\$ 405	\$ 373
Earnings from discontinued operations, net of income taxes	554	\$ 489
Net Earnings (LTM) (GAAP)	\$ 959	\$ 862
Dividends on preference shares	—	—
Net Earnings to Common Shareholders (LTM) (GAAP)	\$ 959	\$ 862

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. 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**.

