

WEYERHAEUSER



EARNINGS RESULTS | 2nd Quarter 2016 | August 5, 2016



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. 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 of the forward-looking statements discuss the company's plans, strategies, expectations and intentions. They use words such as “expects,” “may,” “will,” “believes,” “should,” “approximately,” “anticipates,” “estimates,” and “plans,” and other variations of these and similar words, any one or more of which may be used in a positive or negative context.

This slide presentation specifically contains forward-looking statements regarding the company's expectations during the third quarter and second half of 2016, including without limitation with respect to: earnings; Adjusted EBITDA; lumber and OSB realizations; Wood Products sales volumes; timber harvest volumes, logging costs and silviculture expenses; log export prices; and real estate sales.



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. 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 Q2 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2016		Change
	Q1	Q2	
Adjusted EBITDA			
Timberlands	\$ 199	\$ 220	\$ 21
Real Estate, Energy & Natural Resources	34	28	(6)
Wood Products	117	189	72
Unallocated Items	(14)	(24)	(10)
Total Adjusted EBITDA¹	\$ 336	\$ 413	\$ 77
Contribution to Earnings from Continuing Operations Before Special Items	\$ 241	\$ 294	\$ 53

2nd Quarter Notes

- Cellulose Fibers reported as Discontinued Operations
- Full quarter of Plum Creek results

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 18**.
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 \$5 million and \$15 million of income from an investment in our timberland joint venture in 2016 Q1 and 2016 Q2, respectively.
3. Interest expense is net of capitalized interest and includes approximately: \$7 million on SPE notes for each quarter presented; and \$4 million and \$9 million of expense on a note payable to our timberland joint venture in 2016 Q1 and 2016 Q2, respectively.
4. An explanation of special items and a reconciliation to GAAP are set forth on **Chart 2**.

\$ Millions EXCEPT EPS	2016	
	Q1	Q2
Consolidated Statement of Operations Before Special Items		
Net sales	\$ 1,405	\$ 1,655
Cost of products sold	1,089	1,258
Gross margin	316	397
SG&A expenses	99	116
Other (income) expense, net ²	(24)	(13)
Total Contribution to Earnings from Continuing Operations Before Special Items	\$ 241	\$ 294
Interest expense, net ³	(95)	(114)
Income taxes ⁴	(9)	(39)
Dividends on preference shares	(11)	(11)
Net Earnings from Continuing Operations to Common Shareholders Before Special Items⁵	\$ 126	\$ 130
Special items, after-tax ⁴	(76)	(11)
Earnings from discontinued operations, net of income taxes	20	38
Net Earnings to Common Shareholders	\$ 70	\$ 157
Diluted EPS from Continuing Operations Before Special Items⁴	\$ 0.20	\$ 0.17
Diluted EPS	\$ 0.11	\$ 0.21



EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions EXCEPT EPS	2016 Q1			2016 Q2		
	Pre-Tax Earnings ¹	After-Tax Earnings	Diluted EPS	Pre-Tax Earnings ¹	After-Tax Earnings	Diluted EPS
Earnings From Continuing Operations Before Special Items	\$ 146	\$ 126	\$ 0.20	\$ 180	\$ 130	\$ 0.17
Special Items:						
Gain on sale of non-strategic asset	36	22	0.03	—	—	—
Plum Creek merger-related costs	(110)	(98)	(0.15)	(8)	(4)	—
Legal expense	—	—	—	(11)	(7)	(0.01)
Total Special Items	(74)	(76)	(0.12)	(19)	(11)	(0.01)
Earnings from Continuing Operations	\$ 72	\$ 50	\$ 0.08	\$ 161	\$ 119	\$ 0.16
Earnings from Discontinued Operations ²	\$ 29	\$ 20	\$ 0.03	\$ 52	\$ 38	\$ 0.05
Earnings Including Special Items (GAAP)	\$ 101	\$ 70	\$ 0.11	\$ 213	\$ 157	\$ 0.21

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

2. Pre-tax special items of \$6 million related to the Cellulose Fibers segment in Q1 2016 are now included within Earnings from Discontinued Operations.



TIMBERLANDS SEGMENT¹

Chart 3

TIMBERLANDS (\$ Millions)	2016	2016
Adjusted EBITDA by Region	Q1	Q2
West	\$ 118	\$ 114
South	77	99
North	3	4
Other	1	3
Total Adjusted EBITDA³	\$ 199	\$ 220

2nd Quarter Notes

- Higher fee harvest volumes
- Lower Western log sales realizations due to mix
- Seasonally higher silviculture expenses and Western logging costs

TIMBERLANDS (\$ Millions)	2016	2016
Segment Statement of Operations	Q1	Q2
Third party sales	\$ 380	\$ 468
Intersegment sales	144	154
Total Sales	524	622
Cost of products sold	372	465
Gross margin	152	157
SG&A expenses	28	33
Other income, net ²	(5)	(1)
Contribution to Earnings	\$ 129	\$ 125
Adjusted EBITDA³	\$ 199	\$ 220
Adjusted EBITDA Margin Percentage⁴	38%	35%
Operating Margin Percentage⁵	25%	20%

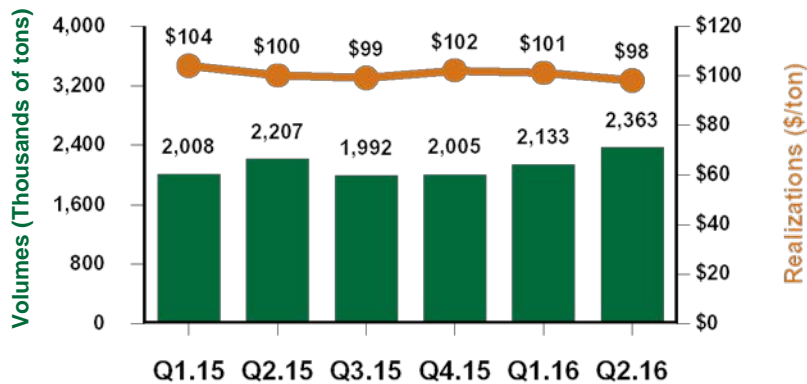
1. Beginning in Q1 2016 the Real Estate, Energy and Natural Resources segment was split out of the Timberlands segment. Results for periods prior to 2016 have been revised to conform to the new segments. Amounts presented exclude Canadian Forestlands operations, which are operated as a cost center for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities and contribute no margin to the Timberlands segment.
2. Other income, 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 19**.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings divided by total sales.



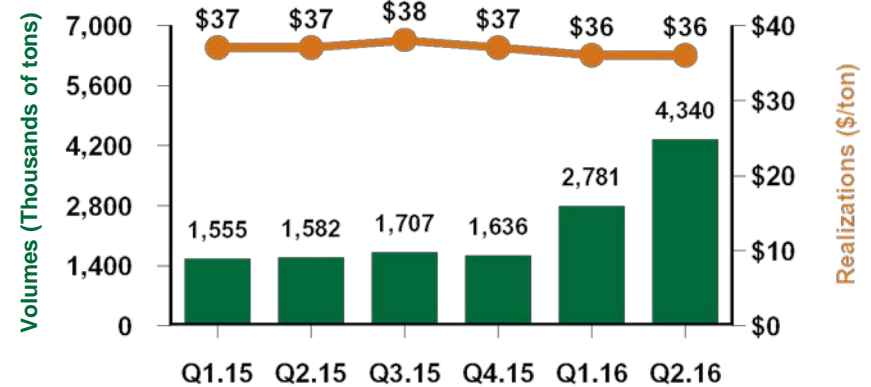
SALES VOLUMES AND REALIZATIONS

Chart 4

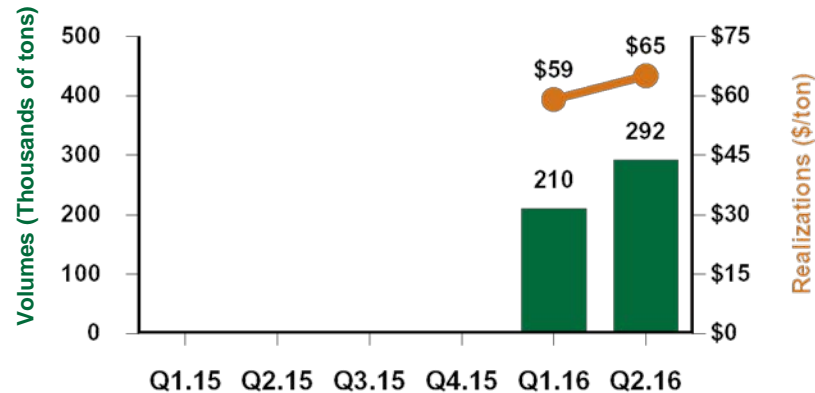
3rd-Party Log Sales and Realizations - West¹



3rd-Party Log Sales and Realizations - South¹



3rd-Party Log Sales and Realizations - North



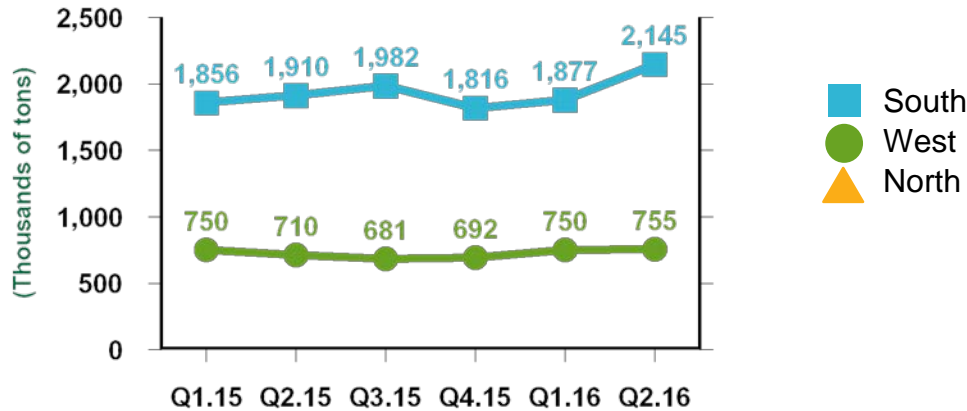
1. Beginning in the first quarter of 2016, we report log sales and fee harvest volumes in tons. Prior period volumes have been converted from cubic meters to tons using annualized 2015 conversion factors. 1.056 m³ = 1 ton in the West and 0.818 m³ = 1 ton in the South.



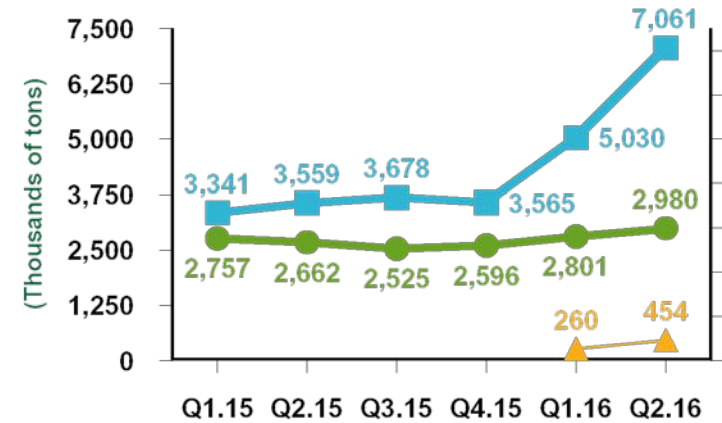
EXPORT SALES, FEE HARVEST VOLUMES, AND INTERSEGMENT SALES VOLUMES

Chart 5

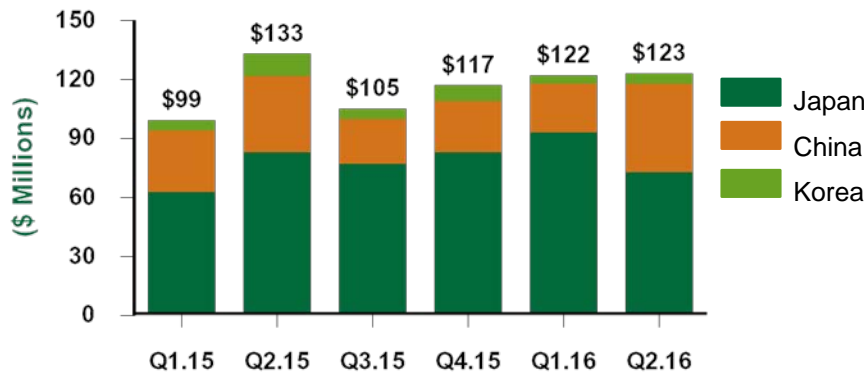
Intersegment Log Sales Volume¹



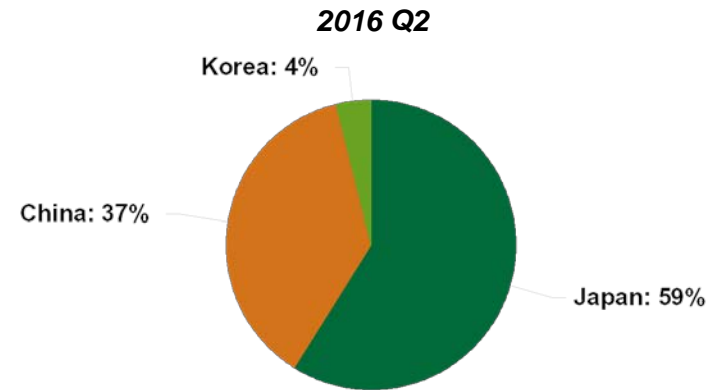
Fee Harvest Volume^{1,2}



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 m³ = 1 ton in the West and 0.818 m³ = 1 ton in the South. For North timberlands, intersegment log sales volumes were 14 thousand tons in first quarter 2016 and 92 thousand tons in the second quarter 2016.
2. The increase in 2016 fee harvest volume in the South is primarily due to results from Plum Creek.



REAL ESTATE, ENERGY AND NATURAL RESOURCES (ENR) SEGMENT¹

Chart 6

Real Estate & ENR (\$ Millions)	2016	2016
Adjusted EBITDA by Business	Q1	Q2
Real Estate	\$ 26	\$ 17
Energy & Natural Resources	8	11
Total Adjusted EBITDA²	\$ 34	\$ 28

2nd Quarter Notes

- Slightly lower Real Estate revenues
- Higher earnings from Energy and Natural Resources operations

Real Estate & ENR (\$ Millions)	2016	2016
Segment Statement of Operations	Q1	Q2
Total sales	\$ 39	\$ 38
Cost of products sold	20	19
Gross margin	19	19
SG&A expenses	4	8
Earnings (loss) from RE development ventures	—	—
Other income, net ³	—	(1)
Contribution to Earnings	\$ 15	\$ 12
Adjusted EBITDA²	\$ 34	\$ 28

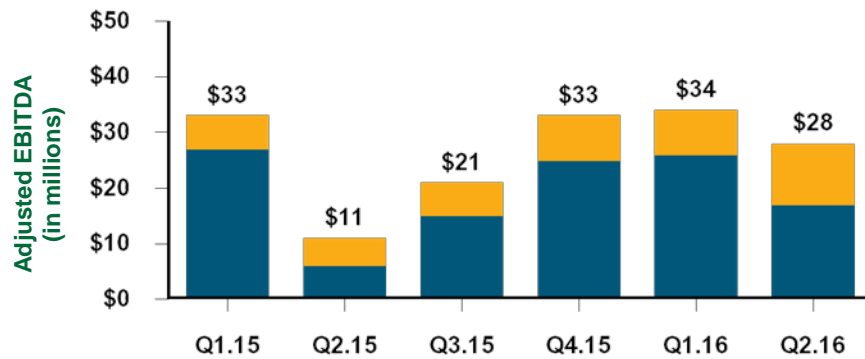
1. The Real Estate, Energy and Natural Resources segment includes sales of higher and better use and non-core timberlands and royalties related to minerals and oil and gas assets, all of which were formerly reported in Weyerhaeuser's Timberlands segment. The segment also includes equity interest in our real estate development joint ventures.
2. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 20**.
3. Other income, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net.



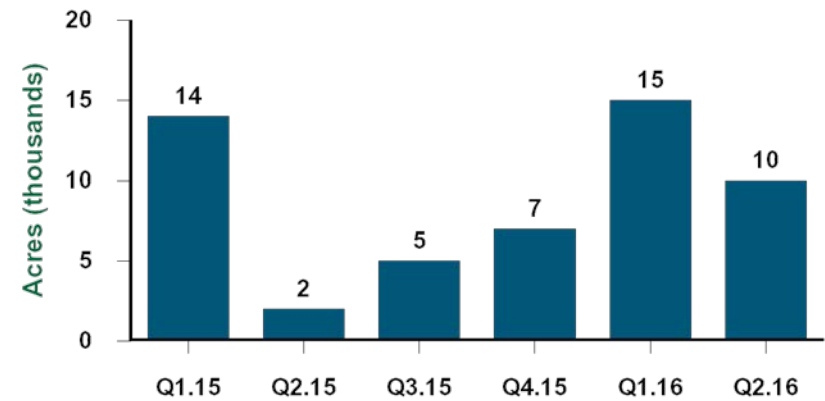
REAL ESTATE, ENERGY AND NATURAL RESOURCES (ENR) SEGMENT

Chart 7

Real Estate & ENR
Adjusted EBITDA¹



Acres Sold



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

1. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 20**.



WOOD PRODUCTS SEGMENT

Chart 8

WOOD PRODUCTS (\$ Millions)	2016	2016
Adjusted EBITDA by Business	Q1	Q2
Lumber	\$ 51	\$ 96
OSB	31	43
Engineered Wood Products	31	45
Distribution	4	9
Other	—	(4)
Total Adjusted EBITDA¹	\$ 117	\$ 189

2nd Quarter Notes

- Higher sales realizations for lumber and oriented strand board
- Seasonally higher sales volumes
- Lower log costs and improved manufacturing costs across several product lines

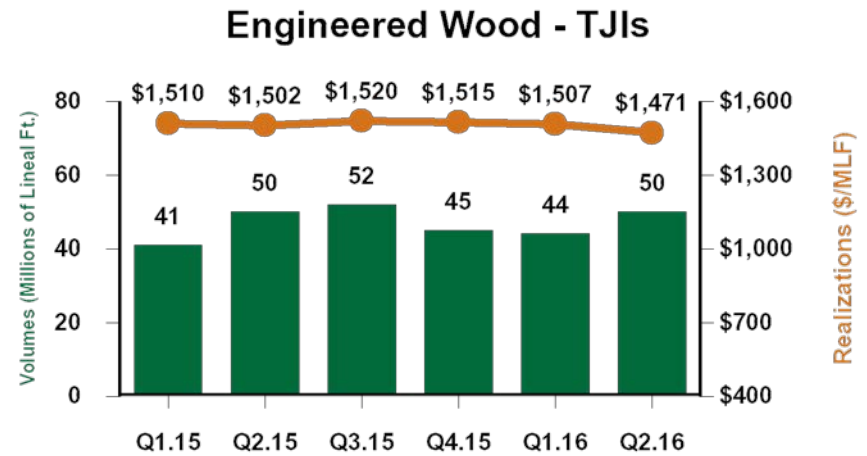
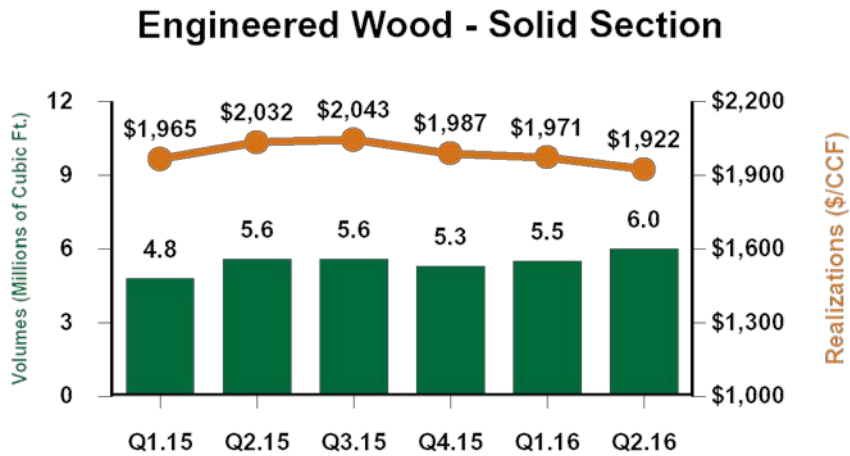
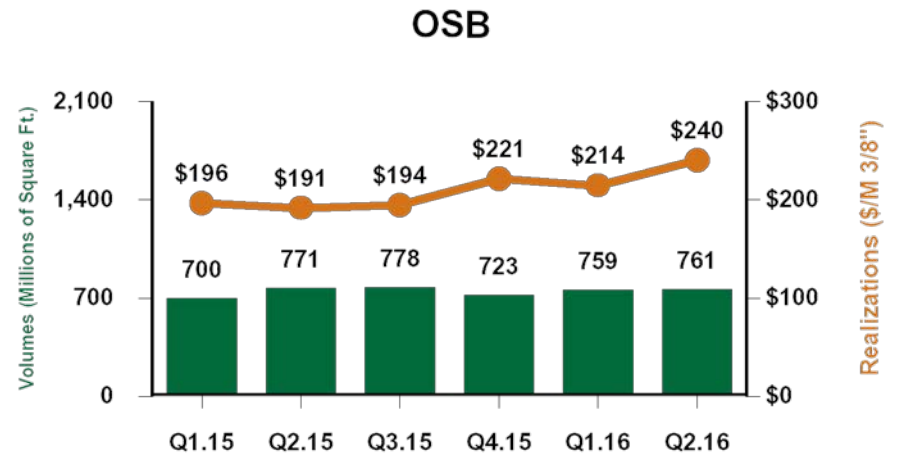
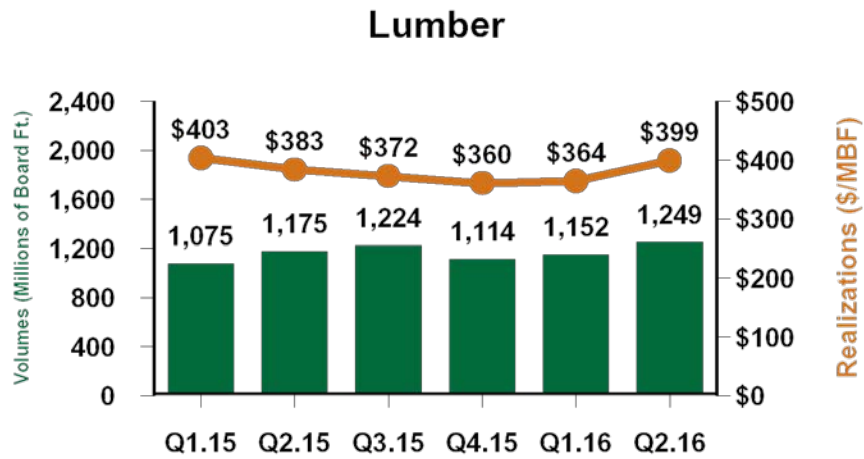
WOOD PRODUCTS (\$ Millions)	2016	2016
Segment Statement of Operations	Q1	Q2
Third party sales	\$ 979	\$ 1,146
Intersegment sales	22	22
Total sales	1,001	1,168
Cost of products sold	862	957
Gross margin	139	211
SG&A expenses	49	50
Other expenses, net ²	3	5
Contribution to Earnings	\$ 87	\$ 156
Adjusted EBITDA¹	\$ 117	\$ 189
Adjusted EBITDA Margin Percentage³	12%	16%
Operating Margin Percentage⁴	9%	13%

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 21**.
2. Other expenses, 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.



3RD-PARTY SALES VOLUMES AND REALIZATIONS¹

Chart 9



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	2016	2016
	Q1	Q2
Unallocated corporate function expenses ²	\$ (17)	\$ (24)
Unallocated share-based compensation	(2)	1
Unallocated pension & postretirement credits	12	10
Foreign exchange gains (losses)	13	1
Elimination of intersegment profit in inventory and LIFO	(6)	(2)
Other, including interest income	10	15
Contribution to Earnings Before Special Items	\$ 10	\$ 1
Special items, pre-tax	(74)	(19)
Contribution to Earnings	\$ (64)	\$ (18)
Adjusted EBITDA	\$ (14)	\$ (24)

UNALLOCATED ITEMS (\$ Millions)	2016	2016
By Natural Expense	Q1	Q2
Credit to products sold ³	\$ 7	\$ 11
G&A expenses ⁴	(19)	(25)
Other income (expense), net	22	15
Contribution to Earnings Before Special Items	\$ 10	\$ 1
Special items, pre-tax	(74)	(19)
Contribution to Earnings	\$ (64)	\$ (18)

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 11

Discontinued operations include the company's Cellulose Fibers segment, which consists of pulp mills, a liquid packaging board facility, and a printing papers joint venture. These results correspond to assets and liabilities that have been reclassified as discontinued operations on our balance sheet as of June 30, 2016.

2nd Quarter Notes

- Higher sales realizations for pulp and liquid packaging board
- Increased sales volumes for liquid packaging board
- Lower maintenance and energy costs

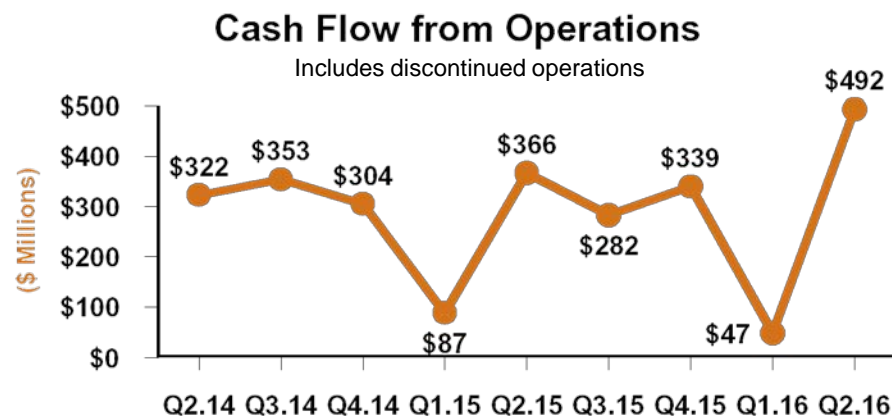
DISCONTINUED OPERATIONS (\$ Millions)	2016	2016
Segment Statement of Operations	Q1	Q2
Total Sales	\$ 430	\$ 456
Earnings before income taxes	\$ 29	\$ 52
Income taxes	(9)	(14)
Net Earnings from Discontinued Operations	\$ 20	\$ 38



FINANCIAL ITEMS

Chart 12

KEY FINANCIAL METRICS (\$ Millions)	2016 Q1	2016 Q2
Ending Cash Balance ¹	\$ 411	\$ 485
Long-Term Debt ¹	\$ 7,715	\$ 8,013
Gross Debt to Adjusted EBITDA (LTM) ²	7.0	6.5
Net Debt to Enterprise Value ³	24%	26%

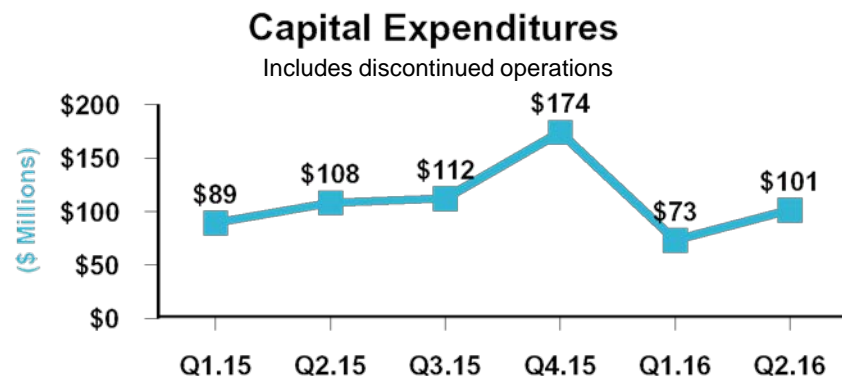


2014: \$1,088 million 2015: \$1,074 million 2016 YTD: \$539 million

Scheduled Debt Maturities as of June 30, 2016

(\$ Millions)	2016	2017	2018	2019	2020
Long-Term Debt (excluding 18-month term loans)	\$ —	\$ 281	\$ 845	\$ 500	\$ 550
18-month Term Loans	—	\$ 1,400	—	—	—
Total Debt Maturities	\$ —	\$ 1,681	\$ 845	\$ 500	\$ 550

- Ending Cash Balance and Long-Term Debt exclude discontinued operations.
- LTM = last twelve months. A reconciliation to GAAP is set forth on **Chart 22**.
- 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.



2015: \$483 million 2016 YTD: \$174 million



SHARES OUTSTANDING

Chart 13

- \$2.5 billion share repurchase program effective February 19, 2016
- Repurchased \$832 million in the second quarter
- Cumulative repurchases of \$1.695 billion through June 30, 2016, or 68% of authorization, at an average price of \$29.18 per share

COMMON SHARES OUTSTANDING (millions)	2016 Q1	2016 Q2	2016
Beginning of Period	510	759	510
Common shares repurchased	(31)	(27)	(58)
Shares issued for Plum Creek acquisition	279	—	279
Shares issued for share-based compensation	1	1	2
End of Period¹	759	733	733

1. Basic and diluted weighted average shares outstanding for second quarter 2016 were 743 million and 748 million, respectively. Weyerhaeuser's 13.7 million mandatory convertible preference shares were antidilutive and were not included in the computation of diluted shares outstanding. All outstanding preference shares were converted to approximately 23.2 million common shares on July 1, 2016 in connection with the mandatory conversion.



OUTLOOK: 2016 Q3

Chart 14

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">• Seasonally higher silviculture expenses and per unit Western logging costs• Comparable Western fee harvest volumes and slightly lower export log prices• Higher Southern fee harvest volumes• Expect 2016 Q3 earnings and Adjusted EBITDA to be slightly lower than 2016 Q2
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">• Anticipate significantly higher earnings and Adjusted EBITDA in the second half of 2016, with nearly all improvement from increased Real Estate sales in 2016 Q4
WOOD PRODUCTS	<ul style="list-style-type: none">• Improved sales realizations for lumber and OSB• Comparable sales volumes• Expect 2016 Q3 earnings and Adjusted EBITDA to be significantly higher than 2016 Q2



APPENDIX



PENSION AND POSTRETIREMENT EXPENSE

Chart 15

\$ Millions	2015				2016	
	Q1	Q2	Q3	Q4	Q1	Q2
Net Pension and Postretirement Cost (Credit)						
Timberlands	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Real Estate, Energy & Natural Resources	—	—	—	—	—	—
Wood Products	7	7	6	7	5	6
Pension and postretirement credits not allocated	(3)	(3)	(2)	(3)	(12)	(10)
Total pension and postretirement cost (credit) for continuing operations before special items¹	\$ 7	\$ 6	\$ 6	\$ 6	\$ (5)	\$ (2)
Accelerated pension costs included in Plum Creek merger-related costs (not allocated)	—	—	—	—	5	—
Pension and postretirement service costs directly attributable to discontinued operations	3	5	5	4	4	3
Total company pension and postretirement costs	\$ 10	\$ 11	\$ 11	\$ 10	\$ 4	\$ 1

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



EARNINGS SUMMARY

Chart 16

\$ Millions	2015				2016	
Adjusted EBITDA by Segment	Q1	Q2	Q3	Q4	Q1	Q2
Timberlands	\$ 192	\$ 168	\$ 158	\$ 160	\$ 199	\$ 220
Real Estate, Energy & Natural Resources	33	11	21	33	34	28
Wood Products	88	98	111	75	117	189
Unallocated Items	(59)	1	(45)	(20)	(14)	(24)
Total Adjusted EBITDA¹	\$ 254	\$ 278	\$ 245	\$ 248	\$ 336	\$ 413
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)
Total Contribution to Earnings from Continuing Operations before Special Items	\$ 172	\$ 209	\$ 175	\$ 173	\$ 241	\$ 294
Interest expense, net ²	(82)	(85)	(87)	(87)	(95)	(114)
Income taxes ³	(13)	1	42	8	(9)	(39)
Dividends on preference shares ⁴	(11)	(11)	(11)	(11)	(11)	(11)
Net Earnings from Continuing Operations before Special Items⁵	\$ 66	\$ 114	\$ 119	\$ 83	\$ 126	\$ 130
Earnings from discontinued operations, net of income taxes	33	19	61	(18)	20	38
Special items, after-tax	(9)	—	—	(6)	(76)	(11)
Net Earnings to Common Shareholders	\$ 90	\$ 133	\$ 180	\$ 59	\$ 70	\$ 157
Diluted EPS from Continuing Operations Before Special Items⁵	\$ 0.13	\$ 0.22	\$ 0.23	\$ 0.16	\$ 0.20	\$ 0.17
Diluted EPS	\$ 0.17	\$ 0.26	\$ 0.35	\$ 0.11	\$ 0.11	\$ 0.21

1. See **Chart 18** 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 and \$9 million of expense on a note payable to our timberland joint venture in first and second 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 17**.



EARNINGS PER SHARE RECONCILIATION

Chart 17

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



EBITDA RECONCILIATION BY SEGMENT

Chart 18

\$ MILLIONS	2016 Q1					2016 Q2				
	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
Adjusted EBITDA¹	\$ 199	\$ 34	\$ 117	\$ (14)	\$ 336	\$ 220	\$ 28	\$ 189	\$ (24)	\$ 413
Depletion, depreciation & amortization	(70)	(2)	(30)	(2)	(104)	(95)	(3)	(33)	(2)	(133)
Basis of real estate sold	—	(17)	—	—	(17)	—	(13)	—	—	(13)
Non-operating pension & postretirement credits	—	—	—	12	12	—	—	—	10	10
Special items in Operating Income	—	—	—	(74)	(74)	—	—	—	(19)	(19)
Operating Income from Continuing Operations (GAAP)	\$ 129	\$ 15	\$ 87	\$ (78)	\$ 153	\$ 125	\$ 12	\$ 156	\$ (35)	\$ 258
Equity earnings (loss) from joint ventures	—	—	—	5	5	—	—	—	7	7
Interest income and other	—	—	—	9	9	—	—	—	10	10
Net Contribution to Earnings	\$ 129	\$ 15	\$ 87	\$ (64)	\$ 167	\$ 125	\$ 12	\$ 156	\$ (18)	\$ 275
Interest expense, net					(95)					(114)
Income taxes ²					(11)					(31)
Net Earnings from Continuing Operations					\$ 61					\$ 130
Earnings from discontinued operations, net of income taxes					20					38
Net Earnings (GAAP)					\$ 81					\$ 168
Dividend on preference shares					(11)					(11)
Net Earnings to Common Shareholders (GAAP)					\$ 70					\$ 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, 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 2**.



EBITDA RECONCILIATION - TIMBERLANDS

Chart 19

\$ MILLIONS	2016 Q1					2016 Q2				
	West	South	North	Other	Total	West	South	North	Other	Total
Adjusted EBITDA¹	\$ 118	\$ 77	\$ 3	\$ 1	\$ 199	\$ 114	\$ 99	\$ 4	\$ 3	\$ 220
Depreciation, depletion & amortization	(30)	(31)	(1)	(8)	(70)	(33)	(47)	(4)	(11)	(95)
Special items	—	—	—	—	—	—	—	—	—	—
Operating Income (GAAP)	\$ 88	\$ 46	\$ 2	\$ (7)	\$ 129	\$ 81	\$ 52	\$ —	\$ (8)	\$ 125
Interest income and other	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 88	\$ 46	\$ 2	\$ (7)	\$ 129	\$ 81	\$ 52	\$ —	\$ (8)	\$ 125

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 20

\$ Millions	2016 Q1			2016 Q2		
	Real Estate	Energy & Natural Resources	Total	Real Estate	Energy & Natural Resources	Total
Adjusted EBITDA¹	\$ 26	\$ 8	\$ 34	\$ 17	\$ 11	\$ 28
Depletion, depreciation & amortization	(1)	(1)	(2)	1	(4)	(3)
Basis of real estate sold	(17)	—	(17)	(13)	—	(13)
Special items in operating income	—	—	—	—	—	—
Operating Income (GAAP)	\$ 8	\$ 7	\$ 15	\$ 5	\$ 7	\$ 12
Equity earnings (loss) from joint ventures	—	—	—	—	—	—
Interest income and other	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 8	\$ 7	\$ 15	\$ 5	\$ 7	\$ 12

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 21

\$ Millions	2016 Q1						2016 Q2					
	Lumber	OSB	EWP	Distribution	Other	Total	Lumber	OSB	EWP	Distribution	Other	Total
Adjusted EBITDA^{1,2}	\$ 51	\$ 31	\$ 31	\$ 4	\$ —	\$ 117	\$ 96	\$ 43	\$ 45	\$ 9	\$ (4)	\$ 189
Depletion, depreciation & amortization	(13)	(8)	(8)	(1)	—	(30)	(13)	(8)	(11)	(1)	—	(33)
Special items in operating income	—	—	—	—	—	—	—	—	—	—	—	—
Operating Income (GAAP)	\$ 38	\$ 23	\$ 23	\$ 3	\$ —	\$ 87	\$ 83	\$ 35	\$ 34	\$ 8	\$ (4)	\$ 156
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 38	\$ 23	\$ 23	\$ 3	\$ —	\$ 87	\$ 83	\$ 35	\$ 34	\$ 8	\$ (4)	\$ 156

- 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 22

\$ MILLIONS	2016	
	Q1	Q2
Gross Debt to Adjusted EBITDA (LTM)^{1,3}	7.0	6.5
Long-Term Debt²	\$ 7,715	\$ 8,013
Adjusted EBITDA (LTM)³	\$ 1,107	\$ 1,242
Depletion, depreciation & amortization	(345)	(398)
Basis of real estate sold	(25)	(37)
Non-operating pension & postretirement costs	20	27
Special Items in Operating Income	(96)	(115)
Operating Income (LTM) (GAAP)	\$ 661	\$ 719
Equity earnings (loss) from joint ventures	5	12
Interest income and other	36	37
Net Contribution to Earnings	\$ 702	\$ 768
Interest expense, net of capitalized interest	(354)	(383)
Income taxes ⁴	56	24
Net Earnings from Continuing Operations (LTM)	\$ 404	\$ 409
Earnings from discontinued operations, net of income taxes	82	101
Net Earnings (LTM) (GAAP)	\$ 486	\$ 510
Dividends on preference shares	(44)	(44)
Net Earnings to Common Shareholders (LTM) (GAAP)	\$ 442	\$ 466

1. LTM = last twelve months. Results include the former Plum Creek operations from the date of the merger.
2. Long-term Debt as of June 30, 2016 includes \$1.4 billion of 18-month senior unsecured term loans.
3. 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.
4. The income tax effects of special items can be found in a reconciliation set forth in **Chart 2**.

