

WEYERHAEUSER



EARNINGS RESULTS | 3rd Quarter 2016 | October 28, 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,” “outlook” 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 fourth quarter of 2016, 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, domestic and export log realizations, and silviculture expense; real estate sales volumes; and wood products sales volumes and realizations.



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 Q3 CONSOLIDATED RESULTS

Chart 1

\$ Millions	2016	2016	
Adjusted EBITDA	Q2	Q3	Change
Timberlands	\$ 220	\$ 223	\$ 3
Real Estate, Energy & Natural Resources	28	37	9
Wood Products	189	203	14
Unallocated Items	(24)	(29)	(5)
Total Adjusted EBITDA¹	\$ 413	\$ 434	\$ 21
Contribution to Earnings from Continuing Operations Before Special Items	\$ 294	\$ 312	\$ 18

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 \$7 million and \$8 million of income from an investment in our timberland joint venture in 2016 Q2 and 2016 Q3, respectively.
3. Interest expense is net of capitalized interest and includes approximately: \$7 million on SPE notes for each quarter presented; and \$9 million and \$6 million of expense on a note payable to our timberland joint venture in 2016 Q2 and 2016 Q3, respectively.
4. An explanation of special items and a reconciliation to GAAP are set forth on **Chart 2**.

\$ Millions EXCEPT EPS	2016	2016
Consolidated Statement of Operations Before Special Items	Q2	Q3
Net sales	\$ 1,655	\$ 1,709
Cost of products sold	1,258	1,314
Gross margin	397	395
SG&A expenses	116	100
Other (income) expense, net ²	(13)	(17)
Total Contribution to Earnings from Continuing Operations Before Special Items	\$ 294	\$ 312
Interest expense, net ³	(114)	(114)
Income taxes ⁴	(39)	(26)
Dividends on preference shares	(11)	—
Net Earnings from Continuing Operations to Common Shareholders Before Special Items⁴	\$ 130	\$ 172
Special items, after-tax ⁴	(11)	(10)
Earnings from discontinued operations, net of income taxes	38	65
Net Earnings to Common Shareholders	\$ 157	\$ 227
Diluted EPS from Continuing Operations Before Special Items⁴	\$ 0.17	\$ 0.23
Diluted EPS	\$ 0.21	\$ 0.30



EARNINGS BEFORE SPECIAL ITEMS

Chart 2

\$ Millions EXCEPT EPS	2016 Q2			2016 Q3		
	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	\$ 180	\$ 130	\$ 0.17	\$ 198	\$ 172	\$ 0.23
Special Items:						
Plum Creek merger-related costs	(8)	(4)	—	(14)	(10)	(0.02)
Legal expense	(11)	(7)	(0.01)	—	—	—
Total Special Items	(19)	(11)	(0.01)	(14)	(10)	(0.02)
Earnings from Continuing Operations	\$ 161	\$ 119	\$ 0.16	\$ 184	\$ 162	\$ 0.21
Earnings from Discontinued Operations	\$ 52	\$ 38	\$ 0.05	\$ 107	\$ 65	\$ 0.09
Earnings Including Special Items (GAAP)	\$ 213	\$ 157	\$ 0.21	\$ 291	\$ 227	\$ 0.30

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



TIMBERLANDS SEGMENT¹

Chart 3

TIMBERLANDS (\$ Millions)	2016	2016
Adjusted EBITDA by Region	Q2	Q3
West	\$ 114	\$ 109
South	99	108
North	4	7
Other	3	(1)
Total Adjusted EBITDA³	\$ 220	\$ 223

3rd Quarter Notes

- Seasonally higher sales volumes for Southern and Northern logs
- Lower Western fee harvest volumes
- Seasonally higher silviculture and road costs
- Benefits from merger synergies and OpX

TIMBERLANDS (\$ Millions)	2016	2016
Segment Statement of Operations	Q2	Q3
Third party sales	\$ 468	\$ 478
Intersegment sales	154	149
Total Sales	622	627
Cost of products sold	465	484
Gross margin	157	143
SG&A expenses	33	20
Other (income) expense, net ²	(1)	1
Contribution to Earnings	\$ 125	\$ 122
Adjusted EBITDA³	\$ 220	\$ 223
Adjusted EBITDA Margin Percentage⁴	35%	36%
Operating Margin Percentage⁵	20%	19%

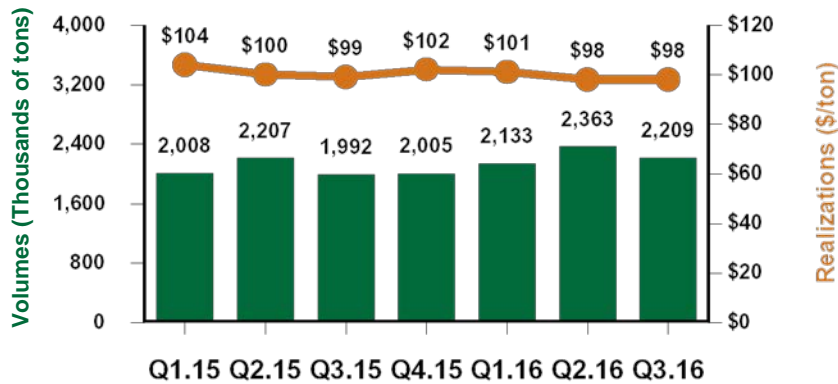
1. Beginning in Q1 2016 the Real Estate, Energy and Natural Resources segment was split out of the Timberlands segment. Amounts presented exclude Canadian Forestlands operations, which are operated as a cost center for the purpose of supplying Weyerhaeuser's Canadian manufacturing facilities and contribute no margin to the Timberlands segment.
2. Other (income) expense, net includes: R&D expenses, charges for restructuring, closures and impairments; other operating income, net.
3. Our definition of Adjusted EBITDA and a reconciliation to GAAP are set forth on **Chart 19**.
4. Adjusted EBITDA divided by total sales.
5. Contribution to earnings divided by total sales.



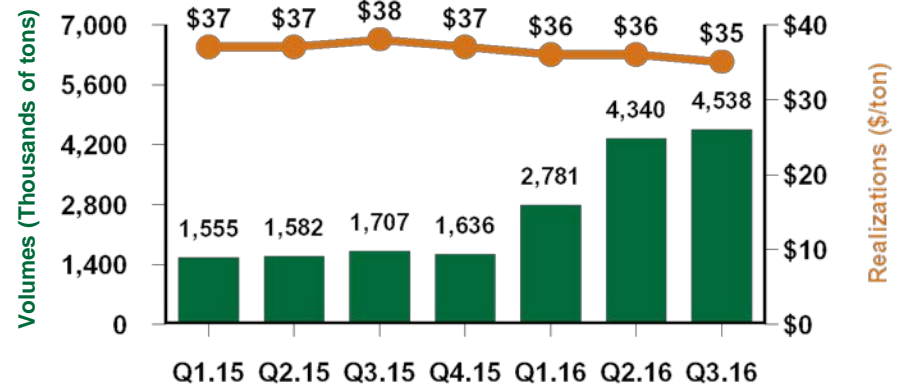
SALES VOLUMES AND REALIZATIONS

Chart 4

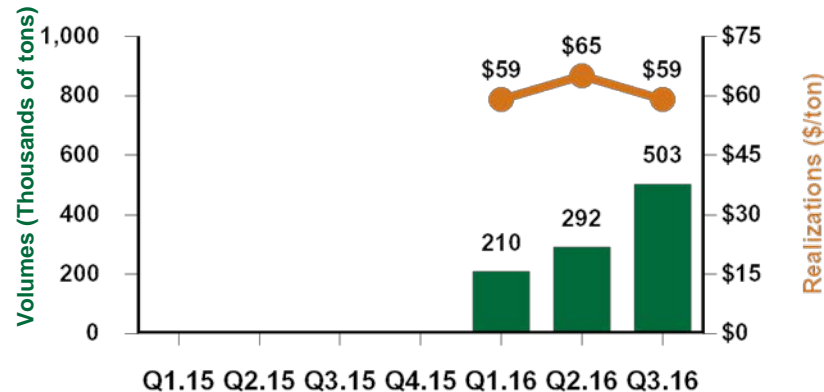
3rd-Party Log Sales and Realizations - West¹



3rd-Party Log Sales and Realizations - South¹



3rd-Party Log Sales and Realizations - North



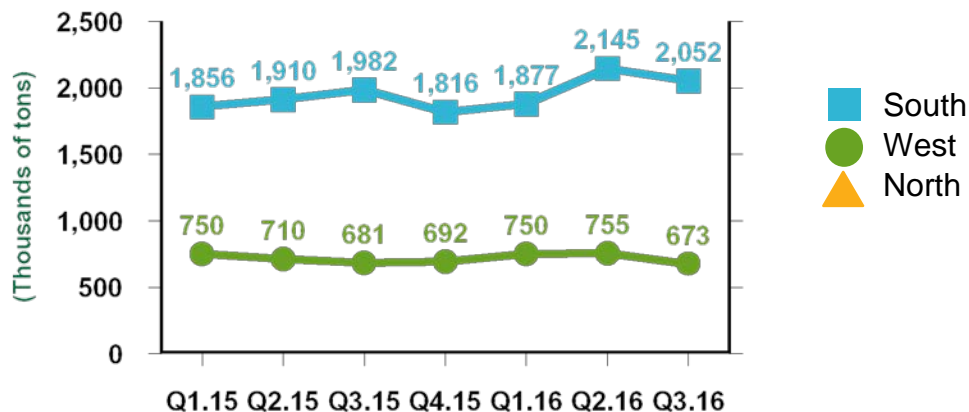
1. Beginning in the first quarter of 2016, we report log sales and fee harvest volumes in tons. Prior period volumes have been converted from cubic meters to tons using annualized 2015 conversion factors. 1.056 m³ = 1 ton in the West and 0.818 m³ = 1 ton in the South.



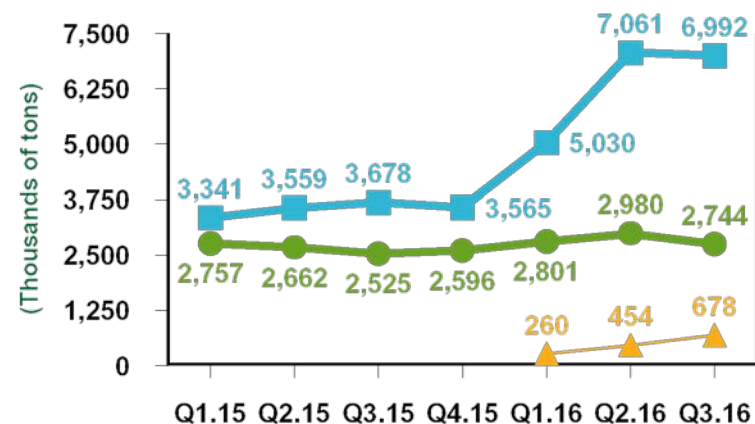
EXPORT SALES, FEE HARVEST VOLUMES, AND INTERSEGMENT SALES VOLUMES

Chart 5

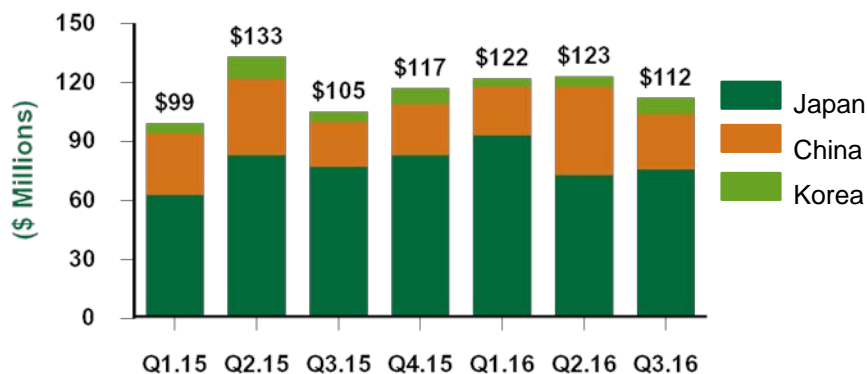
Intersegment Log Sales Volume¹



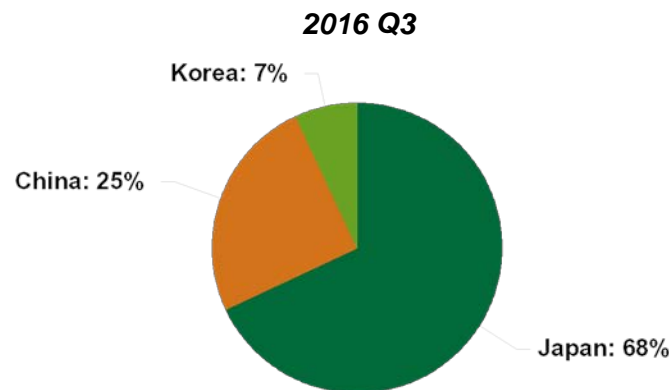
Fee Harvest Volume^{1,2}



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, 92 thousand tons in the second quarter 2016, and 107 thousand tons in the third 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	Q2	Q3
Real Estate	\$ 17	\$ 24
Energy & Natural Resources	11	13
Total Adjusted EBITDA²	\$ 28	\$ 37

3rd Quarter Notes

- Increased Real Estate sales
- Proportionally higher land basis due to mix
- Higher earnings from Energy and Natural Resources operations

Real Estate & ENR (\$ Millions)	2016	2016
Segment Statement of Operations	Q2	Q3
Total sales	\$ 38	\$ 48
Cost of products sold	19	26
Gross margin	19	22
SG&A expenses	8	7
Earnings from RE development ventures	—	(1)
Other (income) expense, net ³	(1)	1
Contribution to Earnings	\$ 12	\$ 15
Adjusted EBITDA²	\$ 28	\$ 37

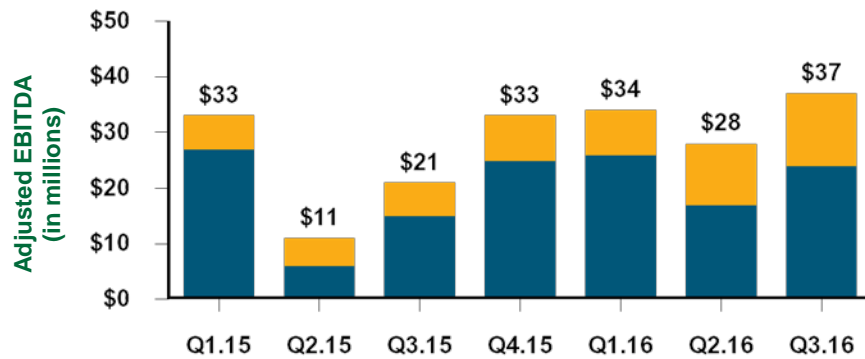
1. The Real Estate, Energy and Natural Resources segment includes sales of higher and better use and non-core timberlands and royalties related to minerals and oil and gas assets, all of which were formerly reported in Weyerhaeuser's Timberlands segment. The segment also includes equity interest in our 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) expense, net includes: R&D expense, charges for restructuring, closures and impairments; other operating income, net.



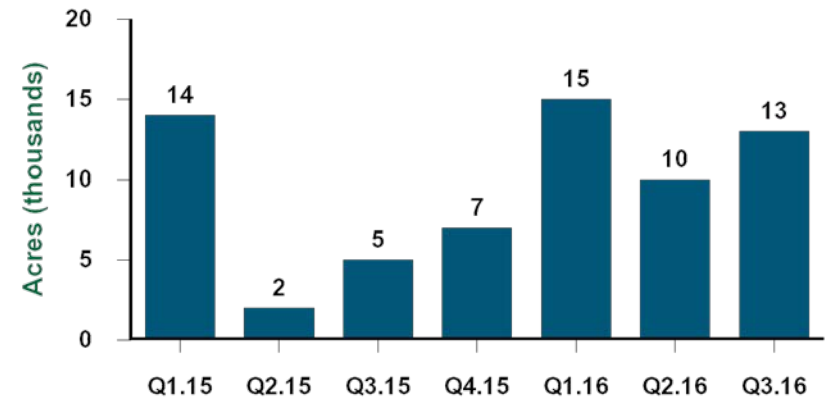
REAL ESTATE, ENERGY AND NATURAL RESOURCES (ENR) SEGMENT

Chart 7

Real Estate & ENR Adjusted EBITDA¹



Acres Sold



	Q1.15	Q2.15	Q3.15	Q4.15	Q1.16	Q2.16	Q3.16
Real Estate	\$27	\$6	\$15	\$25	\$26	\$17	\$24
ENR	\$6	\$5	\$6	\$8	\$8	\$11	\$13

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	Q2	Q3
Lumber	\$ 96	\$ 85
OSB	43	63
Engineered Wood Products	45	43
Distribution	9	7
Other	(4)	5
Total Adjusted EBITDA¹	\$ 189	\$ 203

3rd Quarter Notes

- Higher sales realizations for oriented strand board
- Slightly lower lumber sales volumes and operating rates
- Higher Canadian and Western log costs
- Improved manufacturing costs for oriented strand board

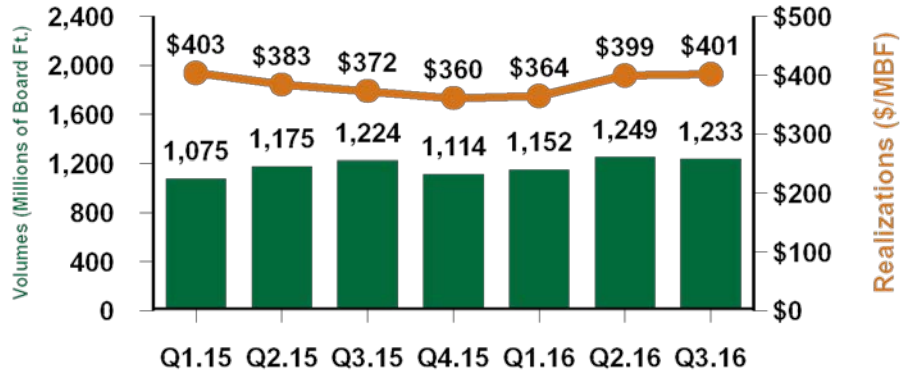
WOOD PRODUCTS (\$ Millions)	2016	2016
Segment Statement of Operations	Q2	Q3
Third party sales	\$ 1,146	\$ 1,177
Intersegment sales	22	17
Total sales	1,168	1,194
Cost of products sold	957	980
Gross margin	211	214
SG&A expenses	50	45
Other (income) expense, net ²	5	(1)
Contribution to Earnings	\$ 156	\$ 170
Adjusted EBITDA¹	\$ 189	\$ 203
Adjusted EBITDA Margin Percentage³	16%	17%
Operating Margin Percentage⁴	13%	14%

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 (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.

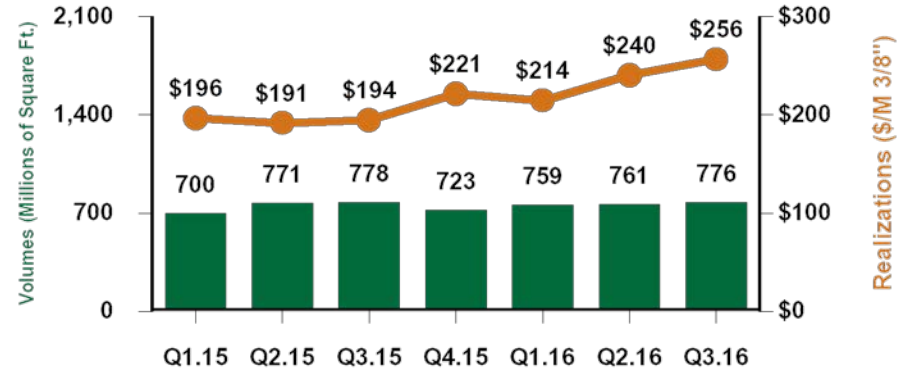


3RD-PARTY SALES VOLUMES AND REALIZATIONS¹ *Chart 9*

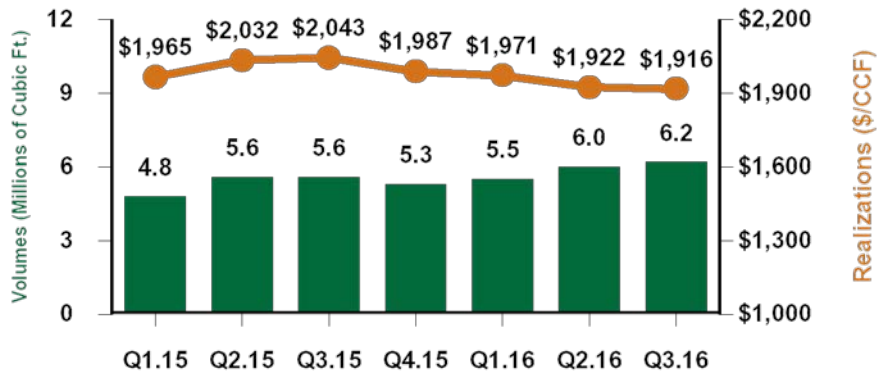
Lumber



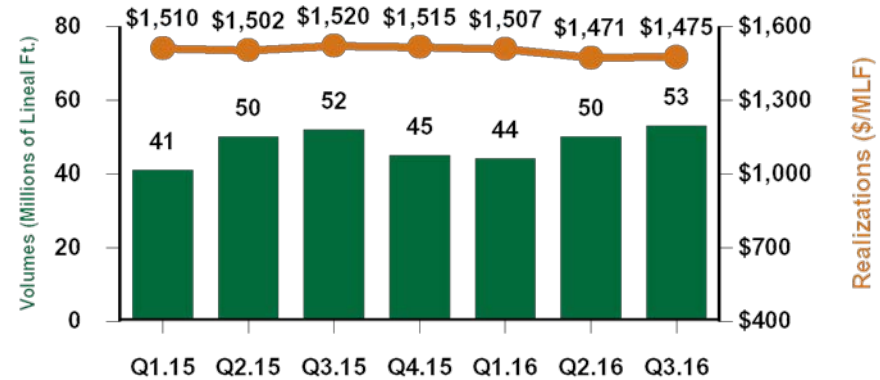
OSB



Engineered Wood - Solid Section



Engineered Wood - TJs



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
	Q2	Q3
Unallocated corporate function expenses ²	\$ (24)	\$ (21)
Unallocated share-based compensation	1	(4)
Unallocated pension & postretirement credits	10	11
Foreign exchange gains (losses)	1	(1)
Elimination of intersegment profit in inventory and LIFO	(2)	2
Other, including interest income	15	18
Contribution to Earnings Before Special Items	\$ 1	\$ 5
Special items, pre-tax	(19)	(14)
Contribution to Earnings	\$ (18)	\$ (9)
Adjusted EBITDA	\$ (24)	\$ (29)

UNALLOCATED ITEMS (\$ Millions)	2016	2016
By Natural Expense	Q2	Q3
Credit to products sold ³	\$ 11	\$ 14
G&A expenses ⁴	(25)	(25)
Other income (expense), net	15	16
Contribution to Earnings Before Special Items	\$ 1	\$ 5
Special items, pre-tax	(19)	(14)
Contribution to Earnings	\$ (18)	\$ (9)

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. The sale of the liquid packaging board business closed on August 31, 2016. These results correspond to assets and liabilities that have been classified as discontinued operations on our balance sheet.

3rd Quarter Notes

- \$41 million after-tax gain on liquid packaging board divestiture
- Increased maintenance expense due to additional scheduled maintenance outage days
- Improved sales realizations for pulp

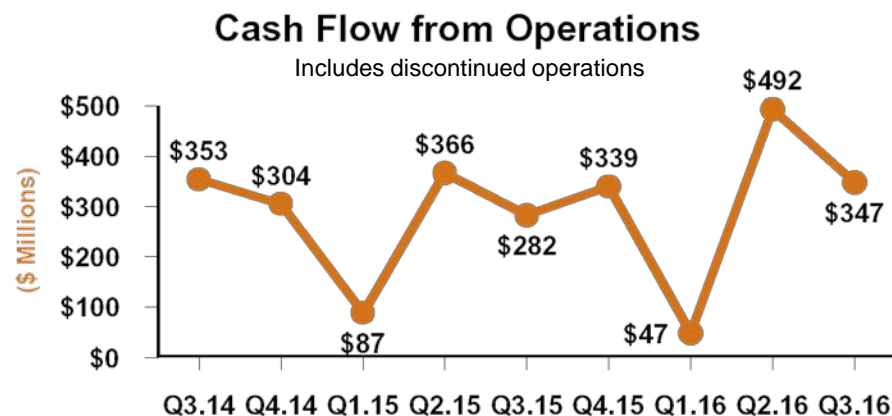
DISCONTINUED OPERATIONS (\$ Millions)	2016	2016
Segment Statement of Operations	Q2	Q3
Total Sales	\$ 456	\$ 420
Earnings before income taxes	52	47
Income taxes	(14)	(23)
Net earnings from operations	\$ 38	\$ 24
Net gain on divestiture of Liquid Packaging Board	—	41
Net Earnings from Discontinued Operations	\$ 38	\$ 65



FINANCIAL ITEMS

Chart 12

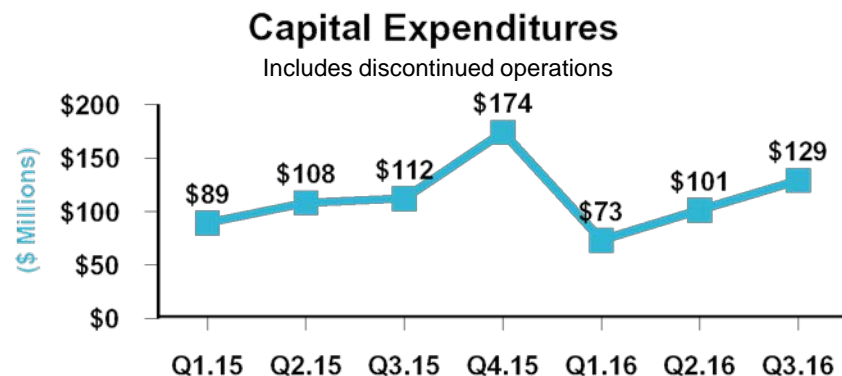
KEY FINANCIAL METRICS (\$ Millions)	2016 Q2	2016 Q3
Ending Cash Balance ¹	\$ 485	\$ 769
Long-Term Debt ¹	\$ 8,013	\$ 8,310
Gross Debt to Adjusted EBITDA (LTM) ²	6.5	5.8
Net Debt to Enterprise Value ³	26%	24%



2014: \$1,088 million 2015: \$1,074 million 2016 YTD: \$888 million

Scheduled Debt Maturities as of September 30, 2016

(\$ Millions)	2016	2017	2018	2019	2020
Long-Term Debt (excluding 18-month term loans)	\$ —	\$ 281	\$ 62	\$ 500	\$ 550
18-month Term Loans	—	\$ 1,700	—	—	—
Total Debt Maturities	\$ —	\$ 1,981	\$ 62	\$ 500	\$ 550



2015: \$483 million 2016 YTD: \$303 million

- Ending Cash Balance and Long-Term Debt exclude discontinued operations. Long-Term Debt includes \$1,981 million for the current portion of long-term debt in third quarter 2016.
- 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.



SHARES OUTSTANDING

Chart 13

- \$2.5 billion share repurchase program effective February 19, 2016
- Repurchased \$306 million of common shares in the third quarter
- Cumulative repurchases of \$2 billion through September 30, 2016, or 80% of authorization, at an average price of \$29.49 per share

COMMON SHARES OUTSTANDING (millions)	2016 Q1	2016 Q2	2016 Q3	2016 YTD
Beginning of Period	510	759	733	510
Common shares repurchased	(31)	(27)	(10)	(68)
Shares issued for Plum Creek acquisition	279	—	—	279
Shares issued for Preference Share conversion	—	—	23	23
Shares issued for share-based compensation	1	1	2	4
End of Period¹	759	733	748	748

1. Basic and diluted weighted average shares outstanding for third quarter 2016 were 749,587 million and 754,044 million, respectively.



OUTLOOK: 2016 Q4

Chart 14

SEGMENT	COMMENTS
TIMBERLANDS	<ul style="list-style-type: none">● In the West, slightly higher realizations for domestic and export logs offset by lower fee harvest volumes● Increased fee harvest volumes and seasonally lower silviculture expense in the South● Expect 2016 Q4 earnings and Adjusted EBITDA to be modestly higher than 2016 Q3
REAL ESTATE, ENERGY & NATURAL RESOURCES	<ul style="list-style-type: none">● Increased Real Estate sales● Expect improved earnings and significantly higher Adjusted EBITDA in 2016 Q4
WOOD PRODUCTS	<ul style="list-style-type: none">● Seasonally lower sales volumes across most product lines● Seasonally weaker average sales realizations for oriented strand board● Expect 2016 Q4 earnings and Adjusted EBITDA to be seasonally lower than 2016 Q3. Expect 2016 Q4 Adjusted EBITDA to be nearly double 2015 Q4.



APPENDIX



PENSION AND POSTRETIREMENT EXPENSE Chart 15

\$ Millions	2015				2016		
Net Pension and Postretirement Cost (Credit)	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Timberlands	\$ 3	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Real Estate, Energy & Natural Resources	—	—	—	—	—	—	—
Wood Products	7	7	6	7	5	6	6
Pension and postretirement credits not allocated	(3)	(3)	(2)	(3)	(12)	(10)	(11)
Total pension and postretirement cost (credit) for continuing operations before special items¹	\$ 7	\$ 6	\$ 6	\$ 6	\$ (5)	\$ (2)	\$ (3)
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	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		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Adjusted EBITDA by Segment							
Timberlands	\$ 192	\$ 168	\$ 158	\$ 160	\$ 199	\$ 220	\$ 223
Real Estate, Energy & Natural Resources	33	11	21	33	34	28	37
Wood Products	88	98	111	75	117	189	203
Unallocated Items	(59)	1	(45)	(20)	(14)	(24)	(29)
Total Adjusted EBITDA¹	\$ 254	\$ 278	\$ 245	\$ 248	\$ 336	\$ 413	\$ 434
DD&A, basis of real estate sold, non-operating pension and postretirement credits, equity earnings/loss from joint ventures before special items, and interest income and other	(82)	(69)	(70)	(75)	(95)	(119)	(122)
Total Contribution to Earnings from Continuing Operations before Special Items	\$ 172	\$ 209	\$ 175	\$ 173	\$ 241	\$ 294	\$ 312
Interest expense, net ²	(82)	(85)	(87)	(87)	(95)	(114)	(114)
Income taxes ³	(13)	1	42	8	(9)	(39)	(26)
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	\$ 172
Earnings from discontinued operations, net of income taxes	33	19	61	(18)	20	38	65
Special items, after-tax	(9)	—	—	(6)	(76)	(11)	(10)
Net Earnings to Common Shareholders	\$ 90	\$ 133	\$ 180	\$ 59	\$ 70	\$ 157	\$ 227
Diluted EPS from Continuing Operations Before Special Items⁵	\$ 0.13	\$ 0.22	\$ 0.23	\$ 0.16	\$ 0.20	\$ 0.17	\$ 0.23
Diluted EPS	\$ 0.17	\$ 0.26	\$ 0.35	\$ 0.11	\$ 0.11	\$ 0.21	\$ 0.30

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, \$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 17**.



EARNINGS PER SHARE RECONCILIATION

Chart 17

\$ Millions EXCEPT EPS	2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Weighted Average Shares Outstanding, Diluted	527	520	517	514	635	748	754
Diluted EPS from Continuing Operations Before Special Items	\$ 0.13	\$ 0.22	\$ 0.23	\$ 0.16	\$ 0.20	\$ 0.17	\$ 0.23
Special Items:							
Gain on sale of non-strategic asset	—	—	—	—	0.03	—	—
Plum Creek merger-related costs	—	—	—	(0.03)	(0.15)	—	(0.02)
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	\$ 0.21
Discontinued Operations	0.06	0.04	0.12	(0.04)	0.03	0.05	0.09
Diluted EPS (GAAP)	\$ 0.17	\$ 0.26	\$ 0.35	\$ 0.11	\$ 0.11	\$ 0.21	\$ 0.30



EBITDA RECONCILIATION BY SEGMENT

Chart 18

\$ MILLIONS	2016 Q2					2016 Q3				
	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total	Timberlands	Real Estate & ENR	Wood Products	Unallocated Items	Total
Adjusted EBITDA¹	\$ 220	\$ 28	\$ 189	\$ (24)	\$ 413	\$ 223	\$ 37	\$ 203	\$ (29)	\$ 434
Depletion, depreciation & amortization	(95)	(3)	(33)	(2)	(133)	(101)	(4)	(33)	—	(138)
Basis of real estate sold	—	(13)	—	—	(13)	—	(19)	—	—	(19)
Non-operating pension & postretirement credits	—	—	—	10	10	—	—	—	11	11
Special items in Operating Income	—	—	—	(19)	(19)	—	—	—	(14)	(14)
Operating Income from Continuing Operations (GAAP)	\$ 125	\$ 12	\$ 156	\$ (35)	\$ 258	\$ 122	\$ 14	\$ 170	\$ (32)	\$ 274
Equity earnings (loss) from joint ventures	—	—	—	7	7	—	1	—	8	9
Interest income and other	—	—	—	10	10	—	—	—	15	15
Net Contribution to Earnings	\$ 125	\$ 12	\$ 156	\$ (18)	\$ 275	\$ 122	\$ 15	\$ 170	\$ (9)	\$ 298
Interest expense, net					(114)					(114)
Income taxes ²					(31)					(22)
Net Earnings from Continuing Operations					\$ 130					\$ 162
Earnings from discontinued operations, net of income taxes					38					65
Net Earnings (GAAP)					\$ 168					\$ 227
Dividend on preference shares					(11)					—
Net Earnings to Common Shareholders (GAAP)					\$ 157					\$ 227

- 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 Q2					2016 Q3				
	West	South	North	Other	Total	West	South	North	Other	Total
Adjusted EBITDA¹	\$ 114	\$ 99	\$ 4	\$ 3	\$ 220	\$ 109	\$ 108	\$ 7	\$ (1)	\$ 223
Depreciation, depletion & amortization	(33)	(47)	(4)	(11)	(95)	(31)	(55)	(7)	(8)	(101)
Special items	—	—	—	—	—	—	—	—	—	—
Operating Income (GAAP)	\$ 81	\$ 52	\$ —	\$ (8)	\$ 125	\$ 78	\$ 53	\$ —	\$ (9)	\$ 122
Interest income and other	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 81	\$ 52	\$ —	\$ (8)	\$ 125	\$ 78	\$ 53	\$ —	\$ (9)	\$ 122

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 Q2			2016 Q3		
	Real Estate	Energy & Natural Resources	Total	Real Estate	Energy & Natural Resources	Total
Adjusted EBITDA¹	\$ 17	\$ 11	\$ 28	\$ 24	\$ 13	\$ 37
Depletion, depreciation & amortization	1	(4)	(3)	—	(4)	(4)
Basis of real estate sold	(13)	—	(13)	(19)	—	(19)
Special items in operating income	—	—	—	—	—	—
Operating Income (GAAP)	\$ 5	\$ 7	\$ 12	\$ 5	\$ 9	\$ 14
Equity earnings (loss) from joint ventures	—	—	—	1	—	1
Interest income and other	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 5	\$ 7	\$ 12	\$ 6	\$ 9	\$ 15

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 Q2						2016 Q3					
	Lumber	OSB	EWP	Distribution	Other	Total	Lumber	OSB	EWP	Distribution	Other	Total
Adjusted EBITDA^{1,2}	\$ 96	\$ 43	\$ 45	\$ 9	\$ (4)	\$ 189	\$ 85	\$ 63	\$ 43	\$ 7	\$ 5	\$ 203
Depletion, depreciation & amortization	(13)	(8)	(11)	(1)	—	(33)	(14)	(7)	(12)	—	—	(33)
Special items in operating income	—	—	—	—	—	—	—	—	—	—	—	—
Operating Income (GAAP)	\$ 83	\$ 35	\$ 34	\$ 8	\$ (4)	\$ 156	\$ 71	\$ 56	\$ 31	\$ 7	\$ 5	\$ 170
Interest income and other	—	—	—	—	—	—	—	—	—	—	—	—
Net Contribution to Earnings (GAAP)	\$ 83	\$ 35	\$ 34	\$ 8	\$ (4)	\$ 156	\$ 71	\$ 56	\$ 31	\$ 7	\$ 5	\$ 170

- Adjusted EBITDA is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income 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	
	Q2	Q3
Gross Debt to Adjusted EBITDA (LTM)^{1,2}	6.5	5.8
Long-Term Debt	\$ 8,013	\$ 8,310
Adjusted EBITDA (LTM)²	\$ 1,242	\$ 1,431
Depletion, depreciation & amortization	(398)	(457)
Basis of real estate sold	(37)	(54)
Non-operating pension & postretirement costs	27	36
Special Items in Operating Income	(115)	(129)
Operating Income (LTM) (GAAP)	\$ 719	\$ 827
Equity earnings (loss) from joint ventures	12	21
Interest income and other	37	43
Net Contribution to Earnings	\$ 768	\$ 891
Interest expense, net of capitalized interest	(383)	(410)
Income taxes ³	24	(40)
Net Earnings from Continuing Operations (LTM)	\$ 409	\$ 441
Earnings from discontinued operations, net of income taxes	101	105
Net Earnings (LTM) (GAAP)	\$ 510	\$ 546
Dividends on preference shares	(44)	(33)
Net Earnings to Common Shareholders (LTM) (GAAP)	\$ 466	\$ 513

- LTM = last twelve months. Results include the former Plum Creek operations from the date of the merger.
- 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.
- The income tax effects of special items can be found in a reconciliation set forth in **Chart 2**.

