

WEYERHAEUSER CO
Form 425
December 17, 2013

WEYERHAEUSER
Growing a Truly Great Company
INVESTOR MEETING
Dec. 17, 2013 |
New York, NY
Filed by Weyerhaeuser Company
pursuant to Rule 425 under the
Securities Act of 1933, as amended,
and deemed filed pursuant to Rule 14a-12
under the Securities Exchange Act of 1934, as amended
Subject Company: Weyerhaeuser Company
Commission File No.: 001-04825
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**FORWARD-LOOKING STATEMENTS
AND NON-GAAP FINANCIAL MEASURES**

This presentation contains statements that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, with respect to future prospects, developments, business strategies, the transaction involving Weyerhaeuser Real Estate Company ("WRECO") and TRI Pointe Homes, Inc. ("TPH transaction"), the benefits and of the acquisition of Longview Timber LLC and/or TPH transaction (including cost savings, operational and other synergies and impacts on revenues, earnings, cash flow, tax impacts, funds from operations and funds available for distribution), future dividend increases, business priorities, future performance, cost reductions and other strategic initiatives, growth, capital structure, credit ratings, capital expenditures, future cash and debt levels, and harvests and export markets. The words "anticipate," "believe," "forecast," "estimate," "outlook," "goal," "will," "plan," "expect," "target" and "would" and similar terms and phrases, to assumptions, have been used in this presentation to identify forward-looking statements. These forward-looking statements are made based on management's expectations and beliefs concerning future events and are subject to uncertainties and factors related

to our operations and business environment, all of which are difficult to predict and many of which are beyond the company's control. Many factors could cause the actual results to differ materially from those projected including, without limitation, the effect of economic conditions, including employment rates, housing starts, interest rate levels, availability of financing for home mortgages, strength of the U.S. dollar, market demand for our products, which is related to the strength of the various U.S. business segments, U.S. and international economic conditions, domestic and foreign competition, the successful execution of our internal performance plans, including restructurings and cost reduction initiatives, 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 costs, federal tax policies, the effect of forestry, land use, environmental and other governmental regulations, legal proceedings, performance of pension funds, investments and related derivatives, the effect of timing of retirements and changes in market price of our common stock on compensation for share-based compensation, closing of the TPH transaction, changes in accounting principles and the other risk factors described under "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2012 and the matters described in our quarterly reports on Form 10-Q for the quarters ended June 30, 2013 and September 30, 2013, in each case filed with the SEC. These forward-looking statements are based on various assumptions and may not be accurate because of risks and uncertainties surrounding these assumptions. Factors listed above, as well as other factors, 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 events occur, there is no guarantee what effect they will have on company operations or financial condition. The company will not update these forward-looking statements after the date of this presentation. Nothing on our website is included or incorporated by reference herein.

Included in this presentation are certain non-GAAP financial measures which management believes complement the financial information presented in accordance with generally accepted accounting principles in the United States of America. Management believes such measures are useful to investors. Our non-GAAP financial measures are not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the metrics of calculation. For a reconciliation of non-GAAP measures to GAAP measures see the appendices to this presentation.

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ADDITIONAL INFORMATION

Additional Information and Where to Find It:

In connection with the proposed Reverse Morris Trust transaction between TRI Pointe Homes, Inc. and Weyerhaeuser Company, which the homebuilding subsidiary of Weyerhaeuser, WRECO (with certain exclusions), will be combined with TRI Pointe, TRI Pointe's registration statement on Form S-4 with the Securities and Exchange Commission (SEC), which will include a prospectus, a proxy statement which will be sent to the TRI Pointe shareholders in connection with their vote required in connection with the transaction. In addition, WRECO expects to file a registration statement in connection with its separation from Weyerhaeuser. Investors and TRI Pointe are urged to read the proxy statement and registration statement/prospectus and any other relevant documents when they become available. They will contain important information about TRI Pointe, the real estate business of Weyerhaeuser and the proposed transaction. The registration statement and registration statement/prospectus and other documents relating to the proposed transaction (when they are available) can be obtained free of charge from the SEC's website at www.sec.gov. These documents (when they are available) can also be obtained from Weyerhaeuser upon written request to Weyerhaeuser Company, 33663 Weyerhaeuser Way South, Federal Way, Washington 98003.

Attention: Vice President, Investor Relations, or by calling (800) 561-4405.

Participants in the Solicitation:

This communication is not a solicitation of a proxy from any security holder of TRI Pointe or Weyerhaeuser. However, Weyerhaeuser and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from TRI Pointe shareholders in connection with the proposed transaction. Information about the Weyerhaeuser's directors and executive officers may be found in its Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC on February 19, 2013 and the definition of "participant" relating to its 2013 Annual Meeting of Shareholders filed with the SEC on February 26, 2013. Information about the TRI Pointe directors and executive officers may be found in its Annual Report on Form 10-K for the year ended December 31, 2012 filed with the SEC on February 19, 2013. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the direct or indirect interests of these participants, whether by security holdings or otherwise, will be included in the registration statement/prospectus and other relevant materials to be filed with the SEC when they become available.

Non-Solicitation:

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

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PATH FORWARD

TEAM

GOAL

Grow Shareholder Value

LEVERS

Portfolio

Performance: Operational Excellence

Capital Allocation

KEY MEASURES

Relative EBITDA margin

Total Shareholder Return (TSR)

Relative to peers & S&P

Change in
market cap
WY GOAL: Total Shareholder Return
Profit growth
Dividends &
Share
Repurchases
TSR
Multiple
Capital Allocation
Operational Excellence
Operational Excellence

Capital Allocation
Portfolio / Market Factors
TSR
DRIVERS
5

PORTFOLIO

Total Assets \$11.1 B

Pro-forma 2013 Q3*

Timberlands

Cellulose Fibers

Wood

Products

Total Assets \$10.4 B

YE 2012*

Timberlands

Cellulose Fibers

Wood

Products

WRECO**

BEFORE

AFTER

PORTFOLIO

CHANGES:

*Excludes Unallocated Items. 2013 Q3 pro-forma excludes assets related to announced combination of WRECO and TRI Point

See appendix

for reconciliation to GAAP amounts.

** Weyerhaeuser Real Estate Company

7

Longview

Timber

WRECO

8
WEYERHAEUSER
TIMBERLANDS
7 MM acres
\$579 MM EBITDA
*
WOOD PRODUCTS
Lumber: \$285 MM
OSB
**
: \$284 MM
ELP
**

: \$31 MM

Distribution: \$(39) MM

CELLULOSE

FIBERS

*EBITDA

Excluding

Special

Items,

LTM

as

of

Q3

2013.

Unallocated

items

not

included.

See

appendix

for

reconciliation

to

GAAP

amounts.

**ELP = Engineered Lumber Products, OSB = Oriented Strand Board

6 mills

2 converting

facilities

\$351 MM EBITDA*

EBITDA

*

9

Near Term FOCUS: Drive Operational Excellence

PORTFOLIO

NEAR TERM

PRIORITY

MIDTERM PRIORITY

Exit

TIMBERLANDS

Operational Excellence:

drive cash & earnings

Longview acquisition

Disciplined growth
WOOD PRODUCTS

Lumber

OSB

ELP

Distribution

Operational Excellence:
drive cash & earnings

Fix

Opportunistic growth
CELLULOSE
FIBERS

Operational Excellence:
drive cash & earnings

Grow higher value
products

Operational Excellence:
drive cash & earnings
BUSINESS
WRECO

10
PERFORMANCE

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PERFORMANCE: Timberlands
STRATEGIC INITIATIVES

Maximize cash flow through Operational Excellence

Capture full value of the Longview Timber acquisition
See appendix for detail on calculations.

*See appendix for reconciliation to GAAP amounts.

EBITDA* / ACRE OWNED

BASE

BASE

Longview

Timber
 Operational
 Excellence
 TIMBERLANDS EBITDA*
 0
 20
 40
 60
 80
 2011
 2012
 2013 Annualized
 US South
 Deltic
 NCREIF
 Plum Creek
 Rayonier
 WY
 50
 75
 100
 125
 150
 175
 200
 2011
 2012
 2013 Annualized
 US West
 NCREIF
 Pope Resources
 Rayonier
 WY (excl LV)
 0
 200
 400
 600
 800
 2012
 2016 -
 2018
 (Outlook)

12
PERFORMANCE: Wood Products -
Lumber
STRATEGIC
INITIATIVES

Reduce
cost

achieve
industry-leading
cost
structure

Maintain

value

added

product

mix

OPERATIONAL EXCELLENCE**

Controllable Manufacturing Cost

EBITDA MARGIN*

Closing

the

Gap

=

\$100

MM

Source for competitor data: public SEC filings

*See appendix

for reconciliation to GAAP amounts.

0

50

100

Current

Benchmark*

-5.0%

0.0%

5.0%

10.0%

15.0%

20.0%

25.0%

2011

2012

2013 YTD Q3

Canfor Lumber

Interfor Lumber

West Fraser Lumber

WY Lumber

Mfg cost = Cost Net of Logs, excluding depreciation and inflation.

Current is based on Q3 2013 YTD data.

**Note: Benchmark is mill Best in Class;

13
-10.0%
0.0%
10.0%
20.0%
30.0%
40.0%
2011
2012
2013 YTD Q3
Ainsworth OSB
LPX OSB

Norbord OSB

WY OSB

PERFORMANCE: Wood Products

OSB

STRATEGIC INITIATIVES

Drive down controllable costs by improving reliability

Grow higher margin products

EBITDA MARGIN*

\$50 MM

**Note: Reliability benchmark is mill Best in Class.

Current is based on Q3 2013 YTD data.

Improve Product Mix

\$10 MM

OPERATIONAL EXCELLENCE**

Improve Reliability

Source for competitor data: public SEC filings.

*See

appendix

for

reconciliation

to

GAAP

amounts.

50

75

100

Current

Benchmark

0

25

50

75

Current

Goal

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PERFORMANCE:

Wood Products

ELP & Distribution

TURNAROUND INITIATIVES

ELP

DISTRIBUTION

Close the gap on manufacturing cost

Simplify & focus supply chain

Leverage our brand

Reduce cost: Warehouse, delivery, sales

Disciplined, profitable growth at market
rate

Source for competitor data: public SEC filings

*See appendix

for reconciliation to GAAP amounts.

EBITDA MARGIN*

EBITDA MARGIN*

-4.0%

-2.0%

0.0%

2.0%

4.0%

6.0%

8.0%

10.0%

12.0%

2011

2012

2013 YTD

Q3

2014

Outlook

Boise ELP

LPX ELP

WY ELP

-10.0%

-8.0%

-6.0%

-4.0%

-2.0%

0.0%

2.0%

4.0%

2011

2012

2013 YTD

Q3

2014

Outlook

Boise Distribution

Blue Linx Distribution

WY Distribution

PERFORMANCE: Cellulose Fibers
STRATEGIC INITIATIVES

Reduce cost

Grow with global customers

Innovate high-margin products

EBITDA MARGIN*

OPERATIONAL EXCELLENCE**

Reduce Controllable Cost

\$100 MM

**Cost
of
Goods
Sold,
excluding
inflation.
Current
is
based
on Q3 2013 YTD data.

*See
appendix
for
reconciliation
to
GAAP
amounts.

0.0%

5.0%

10.0%

15.0%

20.0%

25.0%

30.0%

35.0%

40.0%

45.0%

2011 FY

2012 FY

2013 YTD Q3

Canfor

Mercer

Rayonier

WY CF

625

675

725

Current

Goal

15

PERFORMANCE: SG&A

Note: SG&A includes R&D

STRATEGIC INITIATIVE: Reduce Overhead Cost by \$75 MM

REDUCTION GOAL

\$75 MM

200

250

300

350

400

450

500

550

600

2013 Pro-forma*

2014 Run Rate

16

Lowering cost essential to our success

*Pro-forma is total company 3Q YTD 2013 annualized, less WRECO direct SG&A of \$141 MM

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CAPITAL ALLOCATION

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CAPITAL ALLOCATION
PRIORITIES

Return cash to shareholders

Invest in our businesses

Maintain appropriate capital structure

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RETURNING CASH TO SHAREHOLDERS
DIVIDEND PAYOUT POLICY

Target payout of 75% of Funds Available for
Distribution (FAD) over cycle

(1)

(1) Funds Available for Distribution: Cash Flow before major acquisitions and dispositions and financing activities including
Increased dividend three times in the
last 12 months for total increase of 47%

INCREASING DIVIDEND

2011

Feb
\$0.15
2012
Oct
\$0.17
2013
April
\$0.20
2013
Aug
\$0.22
PAYOUT RATIO
2011
Dividend
exceeded FAD
2012
86%
2013 est.
80-85%
Sustainable and Growing Dividend

20
DISCIPLINED CAPITAL INVESTMENT
*Depreciation, Depletion & Amortization
\$476
\$456
\$470
\$500
0
100
200
300
400
500

600
2011
2012
2013
Estimated
2014
Estimated
% of DD&A*
50%
64%
78%
Other
Wood Products
Timberlands
Cellulose
Fibers
\$238
\$285
\$300
\$390
DD&A*
CapEx:

63%

21
CAPITAL STRUCTURE AND LIQUIDITY

Cash
balance
as
of
September
30,
2013:
\$900
million
(1)

\$1 Billion revolving credit facility: Expires in June 2018

Long term debt:

Improving financial metrics support investment grade rating:

(1) Excludes \$494 million in cash designated for the purchase of Longview Timber LLC and repayment of acquired debt

(2) EBITDA reconciliation in appendix. LTM as of 9/30/13

(3) Total Capital: estimated 2013 YE debt + total equity at 2013 Q3

Current

(Est.)

Target Over

Cycle

EBITDA (LTM)

(2)

/ Interest (LTM)

4.7

>5.0

YE 2013 Debt / EBITDA (LTM)

(2)

3.0

<3.5

YE

2013

Debt/

Total

Capital

(3)

44%

40%

\$ Millions

2013 Q4

Beginning Balance Sept 2013

\$5,568

New Debt

550

Maturities and Prepayments

(1,227)

Ending Balance YE 2013 (Est.)

\$4,891

No maturities

through 2016

2017: \$281 MM due

22

WRECO/TRI POINTE COMBINATION

WRECO to combine with TRI Pointe (TPH) in a tax-free transaction:

129.7 million shares TPH stock

Using Dec 13, 2013 TPH stock price of \$18.42 per share, the estimated value is ~\$2.4 billion

Approximately \$700 million in cash

Total estimated transaction value of ~\$3.1 billion

Expected to close in the second quarter of 2014

23

WRECO/TRI POINTE COMBINATION:

Use of Proceeds

Stock: distributed to shareholders in either a
spin-off or split-off

Spin:

Similar to a dividend

Split: Similar to a share repurchase/exchange offer

Spin / Split decision to be determined by WY Board
shortly before closing

Cash

Adjust capital structure as appropriate

25

MARKET OUTLOOK:

Positive Trends for Our Products

Higher demand and prices for US timber and wood products:

Rebound in US housing

Growing off-shore demand

Canadian timber supply shortage

Growing markets for fluff products driven by

emerging country demand and global growth

HOUSING RECOVERS TO TREND

~1.5 MM STARTS

26

0.0

0.5

1.0

1.5

2.0

2.5

Million Units

*RISI

*John Burns

*Global Insight

TOTAL U.S. HOUSING STARTS

(Seasonally Adjusted Annual Rate)

*Forecast

Harvard Joint Center for
Housing Studies forecast:

Trend (2015 and beyond)

1.6

-

1.9 MM units

Source: Census

Quarterly

27

GROWING EXPORT VOLUMES:

Logs & Lumber

DEMAND DRIVERS

Japan & Korea: Long term demand for wood-based housing

China: rising wealth and urbanization drives demand for industrial and interior wood uses

0

250

500

750

1000

1250
1500
1750
2000
2250
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013

WEST COAST SOFTWOOD

LOG EXPORTS TO ASIA

MMBF Scribner

Annual

Source: Random Lengths Yardstick, US Dept of Commerce

Japan

Korea

China

Est

0.0

0.1

0.2

0.3

0.4

0.5

0.6

2006

2007

2008

2009

2010

2011

2012

2013

Quarterly

Japan

CANADIAN LUMBER

CHINA AND JAPAN (SAAR)

Million Board Feet

China

Source:

JAWIC, Random Lengths

LOG PRICES: Positive Outlook

West has strengthened, with more upside expected

South recovery still ahead

0
100
200
300
400
500
600

700
800
900
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
DELIVERED LOG PRICE
DOUGLAS FIR #2
\$/MBF
Annual
Forecast
Source: Log Lines, FEA, RISI
YTD

0
100
200
300
400
500
600
700
1995
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017
DELIVERED LOG PRICE
SOUTHERN AVERAGE PINE SAWLOG
\$/MBF
Annual
Forecast
Source: Log Lines, FEA, RISI
YTD
28

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SUPPLY FROM CANADA CONSTRAINED:

Benefits Southern Lumber & Logs

Canadian production expected to drop to 25% of U.S. market by 2015,
5-7BBF below peak

Southern pine lumber expanding; limited growth in Canadian imports

Source: WWPA, COFI

Forecast

CANADIAN LUMBER SHARE OF
U.S. MARKET

U.S. LUMBER SUPPLY SOURCES

0%

5%
10%
15%
20%
25%
30%
35%
40%
2005
2010
2015
2020
Share
Annual
0.0
5.0
10.0
15.0
20.0
25.0
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
Est.
US South Lumber Production
Canadian Shipments to US
BBF of Lumber
Source:
Census, WWPA, COFI

30

WOOD PRODUCTS:

Strong Growth for OSB & Engineered Wood

DEMAND DRIVERS

New residential construction

Repair & remodel, industrial & export

0

10

20

30

2000

2002

2004
2006
2008
2010
2012
2014
2016
2018

Billion Square Feet

Forecast*

0
200
400
600
800
1000
1200
1400
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018

NORTH AMERICAN I-JOIST DEMAND

Million Linear Feet

Annual

Source:

FEA

Forecast*

*

Annual

Source: *FEA

NORTH AMERICAN OSB

DEMAND

Expect growing fluff pulp demand of 3.5% / year

Supply position: Southern Pine ideal for fluff; globally competitive cost

FLUFF DEMAND GROWTH:

Emerging Economies

0
1
2
3
4
5
6

7

2003

2008

2012

2017

FLUFF MARKET PULP CONSUMPTION BY REGION

Million Tons

Source: Starr, Weyerhaeuser CF Business

Rest of

World

Rest of

Asia

Japan

Europe

N.A.

Forecast

31

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MARKET OUTLOOK RECAP

Higher demand and prices for US timber and wood products:

Rebound in US housing

Growing off-shore demand

Canadian timber supply shortage

Growing markets for fluff products driven by

emerging country demand and global growth
Overall Positive Trends for Weyerhaeuser Products

35
2011 EBITDA RECONCILIATION BY SEGMENT
\$ Millions
2011
Timberlands
Lumber
OSB
EWP
Distribution
WP Other
Wood
Products
Cellulose

Fibers
 Real
 Estate
 Unallocated
 Items
 Total
 Adjusted EBITDA Excluding
 Special Items
 1
 \$472
 (\$7)
 (\$4)
 \$6
 (\$37)
 (\$1)
 (\$43)
 \$597
 \$89
 (\$90)
 \$1,025
 Depletion, Depreciation &
 Amortization
 (137)
 (47)
 (34)
 (61)
 (6)
 (3)
 (151)
 (147)
 (13)
 (28)
 (476)
 Non-Operating
 Pension &
 Postretirement Costs
 --
 --
 --
 --
 --
 --
 --
 --
 --
 (26)
 (26)
 Special Items
 152
 (5)

(4)
 (26)
 (1)
 (16)
 (52)
 --
 --
 --
 100
 Capitalized
 Interest Included
 in Cost of Products Sold
 --
 --
 --
 --
 --
 --
 --
 --
 (23)
 (6)
 (29)
 Operating Income (GAAP)
 \$487
 (\$59)
 (\$42)
 (\$81)
 (\$44)
 (\$20)
 (\$246)
 \$450
 \$53
 (\$150)
 \$594
 Interest Income and Other
 4
 0
 0
 1
 0
 2
 3
 2
 5
 33
 47
 Net Contribution
 to Earnings
 from Discontinued Operations

--
 --
 --
 --
 --
 (25)
 (25)
 --
 --
 45
 20
 Net Contribution to Earnings
 \$491
 (\$59)
 (\$42)
 (\$80)
 (\$44)
 (\$43)
 (\$268)
 \$452
 \$58
 (\$72)
 \$661
 Interest Expense, Net
 (384)
 Income Taxes
 54
 Net Earnings to Common
 Shareholders (GAAP)
 \$331

1.

Adjusted EBITDA excluding special items is a non-GAAP measure that management uses to evaluate the performance of the company. Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement benefits, interest expense, interest income, income taxes, and other non-recurring items. Adjusted EBITDA is not allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior service cost / credit), special items and interest included in cost of products sold. Adjusted EBITDA should not be construed as a measure of performance in isolation from and is not intended to represent an alternative to our GAAP results.

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2012 EBITDA RECONCILIATION BY SEGMENT

\$ Millions

2012

Timberlands

Lumber

OSB

EWP

Distribution

WP Other

Wood

Products

Cellulose

Fibers	
Real	
Estate	
Unallocated	
Items	
Total	
Adjusted EBITDA Excluding	
Special Items	
\$460	
\$130	
\$143	
\$17	
(\$29)	
(\$15)	
\$246	
\$368	
\$142	
(\$54)	
\$1,162	
Depletion, Depreciation &	
Amortization	
(142)	
(45)	
(31)	
(51)	
(5)	
(1)	
(133)	
(150)	
(12)	
(19)	
(456)	
Non-Operating Pension &	
Postretirement Costs	
--	
--	
--	
--	
--	
--	
--	
--	
--	
(29)	
(29)	
Special Items	
--	
--	
--	
--	

--	
6	
6	
--	
--	
89	
95	
Capitalized Interest Included	
in Cost of Products Sold	
--	
--	
--	
--	
--	
--	
--	
--	
(30)	
(7)	
(37)	
Operating Income (GAAP)	
\$318	
\$85	
\$112	
(\$34)	
(\$34)	
(\$10)	
\$119	
\$218	
\$100	
(\$20)	
\$735	
Interest Income and Other	
3	
--	
--	
--	
--	
1	
1	
5	
5	
38	
52	
Loss Attributable to Non-	
Controlling Interest	
1	
--	
--	
--	

--
 --
 --
 --
 --
 1
 Net Contribution to Earnings
 \$322
 \$85
 \$112
 (\$34)
 (\$34)
 (\$9)
 \$120
 \$223
 \$105
 \$18
 \$788
 Interest Expense, Net
 (348)
 Income Taxes
 (55)
 Net Earnings to Common
 Shareholders (GAAP)
 \$385

1
 1.
 Adjusted EBITDA excluding special items is a non-GAAP measure that management uses to evaluate the performance of the c
 Adjusted EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postreti
 allocated to business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amorti
 service cost / credit), special items and interest included in cost of products sold. Adjusted EBITDA should not be considered i
 and is not intended to represent an alternative to our GAAP results.

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2013 YTD EBITDA RECONCILIATION BY SEGMENT

\$ Millions

2013 Q3 YTD

Timberlands

Lumber

OSB

EWP

Distribution

WP Other

Wood

Products

Cellulose

Fibers
 Real
 Estate
 Unallocated
 Items
 Total
 Adjusted EBITDA Excluding
 Special
 Items
 \$448
 \$258
 \$223
 \$34
 (\$27)
 (\$2)
 \$486
 \$252
 \$82
 (\$18)
 \$1,250
 Depletion, Depreciation &
 Amortization
 (115)
 (30)
 (23)
 (35)
 (4)
 (1)
 (93)
 (116)
 (10)
 (9)
 (343)
 Non-Operating Pension &
 Postretirement Costs
 --
 --
 --
 --
 --
 --
 --
 --
 --
 (31)
 (31)
 Special Items
 --
 --
 --

--
 --
 --
 --
 --
 --
 --
 --
 Capitalized Interest Included
 in Cost of Products Sold
 --
 --
 --
 --
 --
 --
 --
 --
 (28)
 (4)
 (32)
 Operating Income (GAAP)
 \$333
 \$228
 \$200
 (\$1)
 (\$31)
 (\$3)
 \$393
 \$136
 \$44
 (\$62)
 \$844
 Interest Income and Other
 3
 --
 --
 --
 --
 --
 --
 (1)
 3
 37
 42
 Net Contribution to Earnings
 \$336
 \$228
 \$200
 (\$1)

(\$31)
 (\$3)
 \$393
 \$135
 \$47
 (\$25)
 \$886
 Interest Expense, Net
 (258)
 Income Taxes
 (119)
 Net Earnings (GAAP)
 \$509
 Dividends on preference
 shares
 (12)
 Net Earnings to Common
 Shareholders (GAAP)
 \$497
 1
 1.

Adjusted EBITDA excluding special items is a non-GAAP measure that management uses to evaluate the performance of the company. EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs, business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior period credit), special items and interest included in cost of products sold. Adjusted EBITDA should not be considered in isolation from other financial measures and is not intended to represent an alternative to our GAAP results.

2013 Q3 LTM EBITDA RECONCILIATION BY SEGMENT

1.

Adjusted EBITDA excluding special items is a non-GAAP measure that management uses to evaluate the performance of the company. EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs, business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior credit), special items and interest included in cost of products sold. Adjusted EBITDA should not be considered in isolation from our GAAP results to represent an alternative to our GAAP results.

\$ Millions

2013 Q3 LTM

Timberlands

Lumber

OSB

EWP
 Distribution
 WP Other
 Wood
 Products
 Cellulose
 Fibers
 Real
 Estate
 Unallocated
 Items
 Total
 Adjusted EBITDA Excluding
 Special Items
 1
 \$579
 \$285
 \$284
 \$31
 (\$39)
 (\$4)
 \$557
 \$351
 \$173
 (\$19)
 \$1,641
 Depletion, Depreciation &
 Amortization
 (153)
 (41)
 (31)
 (48)
 (5)
 (1)
 (126)
 (156)
 (14)
 (12)
 (461)
 Non-Operating
 Pension &
 Postretirement Costs
 --
 --
 --
 --
 --
 --
 --
 --

--
 (39)
 (39)
 Special Items
 --
 --
 --
 --
 --
 --
 --
 --
 --
 --
 --
 Capitalized
 Interest Included
 in Cost of Products Sold
 --
 --
 --
 --
 --
 --
 --
 --
 (36)
 (5)
 (41)
 Operating Income (GAAP)
 \$426
 \$244
 \$253
 (\$17)
 (\$44)
 (\$5)
 \$431
 \$195
 \$123
 (\$75)
 \$1,100
 Interest Income and Other
 4
 --
 --
 --
 --
 --
 --
 1

5
 46
 56
 Loss Attributable to Non-
 Controlling Interest
 1
 --
 --
 --
 --
 --
 --
 --
 --
 1
 Net Contribution to Earnings
 \$431
 \$244
 \$253
 (\$17)
 (\$44)
 (\$5)
 \$431
 \$196
 \$128
 (\$29)
 \$1,157
 Interest Expense, Net
 (346)
 Income Taxes
 (159)
 Net Earnings (GAAP)
 \$652
 Dividends on preference
 shares
 (12)
 Net Earnings to Common
 Shareholders (GAAP)
 \$640
 38

39

EBITDA RECONCILIATION: TIMBERLANDS

\$ Millions

2011

2012

2013 Q3 YTD

West (excluding Longview Timber)

\$273

\$250

\$265

South

214

218

166
 Other
 (15)
 (8)
 17
 Adjusted EBITDA Excluding Special Items
 \$472
 \$460
 \$448
 Depletion, Depreciation & Amortization
 (137)
 (142)
 (115)
 Special Items
 152
 --
 --
 Operating Income (GAAP)
 \$487
 \$318
 \$333
 Interest Income and Other
 4
 3
 3
 Loss Attributable to Non-Controlling
 Interest
 --
 1
 --
 Net Contribution to Earnings
 \$491
 \$322
 \$336
 1
 1.

Adjusted EBITDA excluding special items is a non-GAAP measure that management uses to evaluate the performance of the company. EBITDA, as we define it, is operating income adjusted for depreciation, depletion, amortization, pension and postretirement costs. EBITDA is not a measure of cash flow, and it is not a measure of liquidity. EBITDA is not a measure of performance of our business segments (primarily interest cost, expected return on plan assets, amortization of actuarial loss and amortization of prior period credit), special items and interest included in cost of products sold. Adjusted EBITDA should not be considered in isolation from GAAP results and should not represent an alternative to our GAAP results.

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RECONCILIATION TO GAAP:

2013 Pro Forma Total Assets

Pro Forma Total Assets

\$ millions

2013 Q3

Pro Forma total assets

\$11,143

Real Estate assets

2,193

Unallocated assets

2,273

Total Assets (GAAP)

\$15,609

1

1.

Pro forma total assets is a non-GAAP measure that management uses to evaluate the performance of the company. Pro forma total assets is calculated by adding the carrying amount of Real Estate assets and Unallocated assets. Pro forma total assets should not be considered in isolation from and is not intended to

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TIMBERLANDS BENCHMARKING:

EBITDA/Acre

Based on publicly reported financials, plus National Council of Real Estate
Investment Fiduciaries (NCREIF) data

WY does not include Longview Timber

Pope Resources = Fee Timber Income from operations external + Fee Timber Depletion

NCREIF = Northwest NOI

Rayonier = Forest Resources EBITDA: Northern U.S. proportion estimated based on
sales by geography

NCREIF = South NOI

Plum Creek = S Resources Operating Income + S Resources DDA

Deltic Timber = Woodlands Op Income + D, A and Cost of Fee Timber Harvested

Rayonier = Forest Resources EBITDA: Atlantic + Gulf States
estimated based on sales by geography

WEST:

SOUTH:

2013 Annualized
based on 3Q YTD actuals, as reported