



1Q 2016

Earnings Release

April 26, 2016

Michael J. Covey
Chairman and Chief Executive Officer

Eric J. Cremers
President and Chief Operating Officer

Jerald W. Richards
Vice President and Chief Financial Officer

www.potlatchcorp.com

Forward-Looking Statements & Non-GAAP Measures

FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements within the meaning of the Private Litigation Reform Act of 1995 as amended, including without limitation, statements about our expectations regarding the company's financial performance in 2016; our outlook for future operating conditions in sawlog, pulpwood, lumber, plywood and real estate markets; expected 2016 housing starts; improvement of housing starts in 2016; demand and pricing for sawlogs, pulpwood, and lumber in the second quarter of 2016; expected lumber prices in the second quarter and full year 2016; expectations regarding the effect of strengthening of the Canadian Dollar on lumber prices; expected second quarter and full year 2016 harvest volumes in the North and South; expected pulpwood/sawlog mix in the North and South in the second quarter and full year of 2016; expected log shipments in the second quarter of 2016; expected real estate sales in the second quarter of 2016 and expected land basis; expected earnings and cash flows in our Resource, Wood Products and Real Estate segments in the second quarter and full year of 2016; expected quarterly corporate and interest expense in 2016; expected second quarter 2016 lumber shipments; expected earnings in second quarter and full year of 2016; the company's balance sheet; expected repayment of Minnesota debt; expected capital expenditures for second quarter and full year 2016; liquidity, cash flows and dividend levels; expected decline in interest expense in 2016 and future years; expected cash tax refund in connection with the sale of central Idaho timberlands; expected consolidated tax rate in the second quarter and full year of 2016; and related matters. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change, and actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, changes in timberland values; changes in timber harvest levels on our lands; changes in timber prices; changes in lumber and plywood prices; changes in policy regarding governmental timber sales; changes in the United States and international economies; currency fluctuations; changes in the level of construction, repair and remodel activity; changes in tariffs, quotas and trade agreements involving wood products; changes in demand for forest products; changes in production and production capacity in the forest products industry; competitive pricing pressures for our products; unanticipated manufacturing disruptions; changes in general and industry-specific environmental laws and regulations; unforeseen environmental liabilities or expenditures; weather conditions; fire and fire-related restrictions on harvesting; pest infestation; changes in raw material, diesel, other fuel and other costs; the ability to satisfy complex rules in order to remain qualified as a REIT; changes in tax laws that could reduce the benefits associated with REIT status; and other risks and uncertainties described from time to time in our public filings with the Securities and Exchange Commission. These forward-looking statements are made as of the date of this presentation and we do not undertake to update any forward-looking statements.

NON-GAAP MEASURES

This presentation includes non-GAAP financial information. A reconciliation of those numbers to U.S. GAAP is included in this presentation, which is available on the company's website at www.potlatchcorp.com.



Central Idaho Timberland Sale

www.potlatchcorp.com

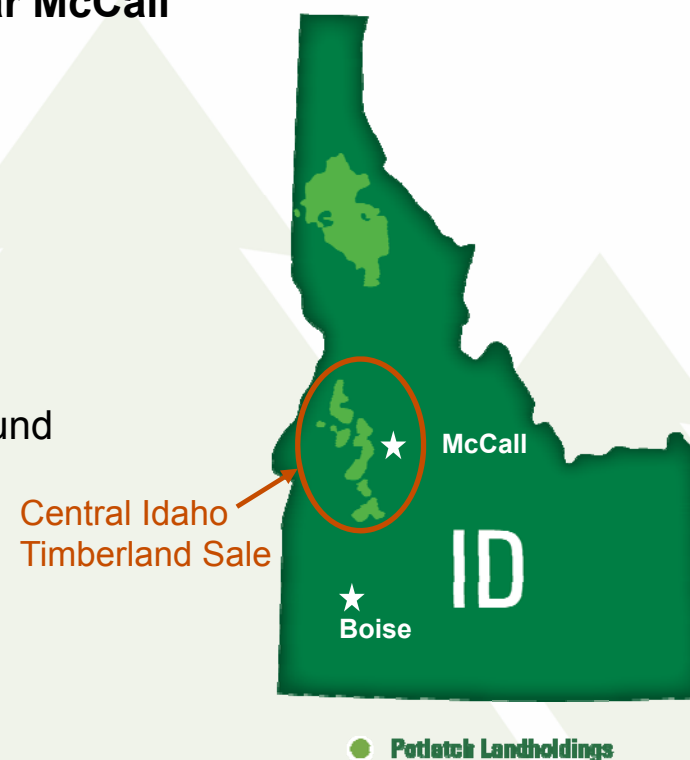
CENTRAL IDAHO TIMBERLAND SALE: Specifics

- **Potlatch sold acres owned in central Idaho near McCall**

- 172,000 acres
- Sale price: \$114 million
- Buyer: Southern Pine Plantations

- **Financial metrics:**

- EBITDDA: \$111 million
- Net cash: \$121 million, including \$10 million tax refund
- Q2 GAAP loss: \$36 million, \$0.87 per share



CENTRAL IDAHO TIMBERLAND SALE: Valuation Metrics

As indicated in the table below, our northern Idaho timberlands are considerably more productive than our central Idaho acres. This supports a significantly higher valuation for our northern Idaho timberlands.

| As of and for the year ended December 31, 2015 | North Idaho | Central Idaho |
|--|-------------|---------------|
| Acres (000's) | 618 | 172 |
| EBITDDA ⁽¹⁾ (millions) | \$72 | \$4 |
| EBITDDA ⁽¹⁾ per Acre | \$117 | \$23 |
| Harvest (000's tons) | 1,880 | 222 |
| Merchantable Timber Inventory (000's tons) | 28,519 | 4,056 |
| Site Index (height at age 50 in feet) | 94 | 65 |
| Average Haul Time per Load (hours) | 4.8 | 8.4 |
| Appraisal ⁽²⁾ / Selling Price ⁽³⁾ (per acre) | \$2,000 | \$665 |

⁽¹⁾ EBITDDA is defined on slide 22. Operating income (loss) was \$63 million in northern Idaho and (\$2) million in central Idaho.

The difference between operating income (loss) and EBITDDA in each region is depreciation, depletion & amortization.

⁽²⁾ 352,000 acres of North Idaho timberlands were appraised in 2012.

⁽³⁾ Central Idaho sales price of \$114.2 million divided by 171,598 acres

CENTRAL IDAHO TIMBERLAND SALE: Benefits to Potlatch

The transaction provides the funds needed to take advantage of the low public equity valuation of the company's stock, reduce debt and increase financial flexibility.

- **Leverage strong demand for the asset class to sell our least strategic timberland**
 - **Provides funds to shift capital allocation strategy**
 - Our board has authorized using proceeds from the sale to repurchase up to \$60 million of outstanding common shares
 - We plan to repay \$42.6 million of debt, reducing interest expense \$2.5 million per year
 - A portion of the cash will be retained for other general corporate purposes
 - **Accretive to FAD per share**
 - **Tax efficient**
 - Central Idaho timberlands are carried at a high basis
 - The transaction is expected to result in a tax refund of \$10 million
-



1Q 2016 Earnings

www.potlatchcorp.com

1Q 2016: Total Company Summary

(unaudited, \$ in millions, except per share amounts)

| | 2015 Q4 | 2016 Q1 |
|-----------------------------------|-----------------|-----------------|
| <u>Operating Income</u> | | |
| Resource | \$ 16.1 | \$ 10.2 |
| Wood Products | (1.3) | 1.0 |
| Real Estate | 2.5 | 2.1 |
| Eliminations | 0.3 | 1.4 |
| Total operating income | 17.6 | 14.7 |
| Corporate | (7.8) | (9.6) |
| Interest expense, net | (8.4) | (6.0) |
| Income (loss) before taxes | 1.4 | (0.9) |
| Income taxes | 2.1 | 1.1 |
| Net income | \$ 3.5 | \$ 0.2 |
| Diluted earnings per share | \$ 0.09 | \$ - |
| Distributions per share | \$ 0.375 | \$ 0.375 |

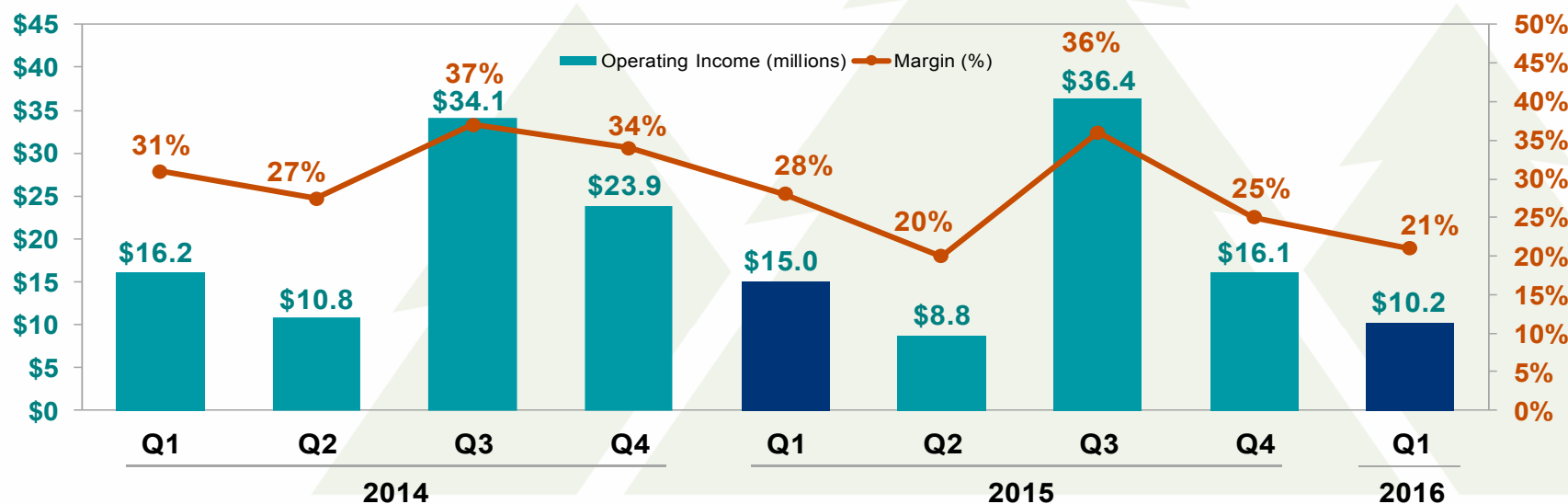
| | 2015 Q4 | 2016 Q1 |
|-------------------------------------|----------------|----------------|
| <u>EBITDDA⁽¹⁾</u> | | |
| Northern region | \$ 15.6 | \$ 11.6 |
| Southern region | 8.0 | 4.7 |
| Total Resource | 23.6 | 16.3 |
| Wood Products | 0.6 | 2.9 |
| Real Estate | 6.3 | 4.3 |
| Eliminations ⁽²⁾ | 0.3 | 1.4 |
| Corporate ⁽²⁾ | (7.8) | (9.6) |
| Total EBITDDA | \$ 23.0 | \$ 15.3 |

(1) Non-GAAP measure. See slides 22 and 23 for definition and reconciliation.

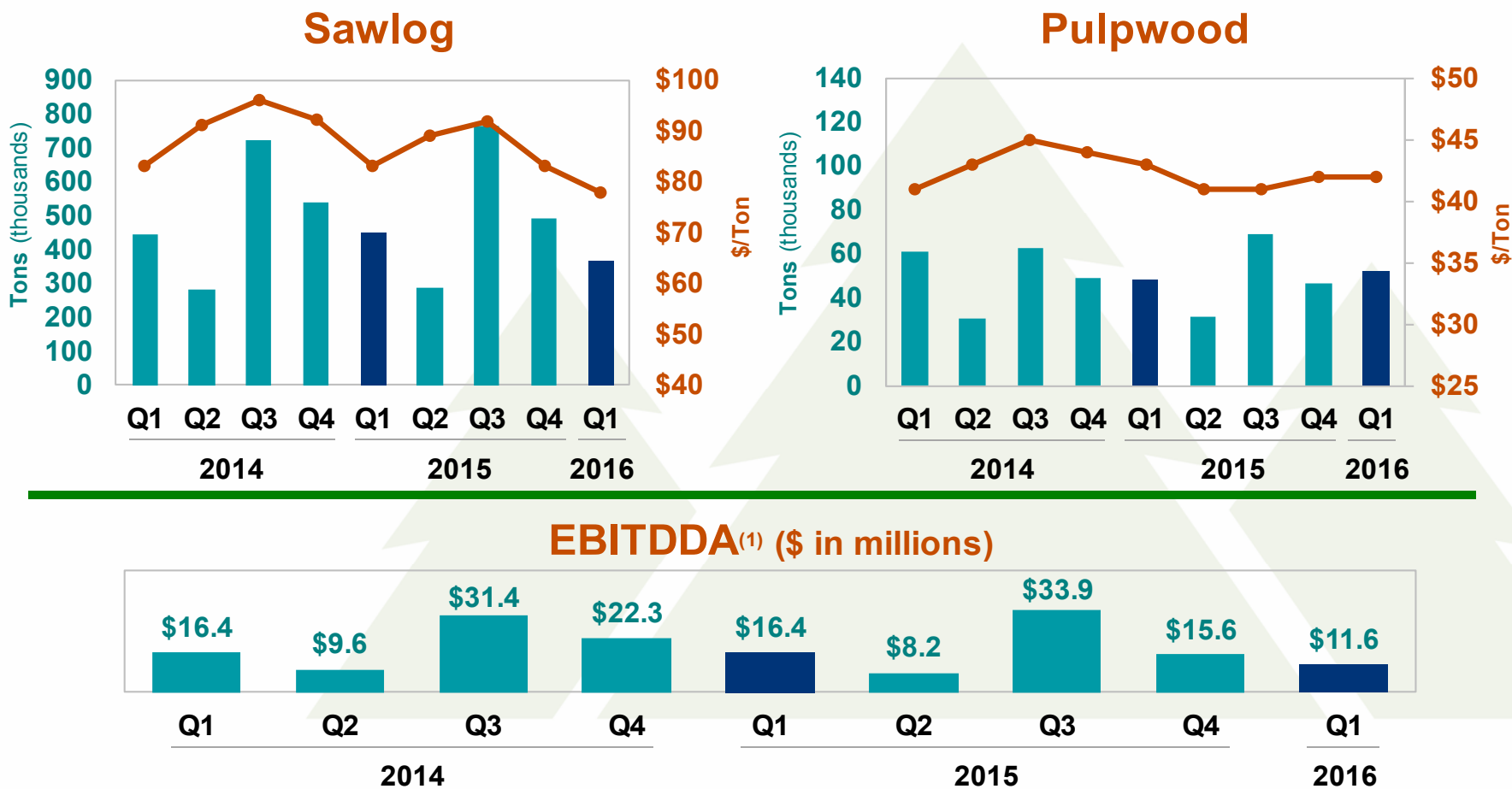
(2) No adjustments were required either because they are not applicable or the amount is inconsequential.

RESOURCE: Segment Summary

- Harvest volumes were seasonally lower in the North and the South
- Northern sawlog prices declined 6%, due to seasonally heavier logs
- Southern sawlog prices were down 7%, primarily the result of a seasonal decrease in hardwood logs in the sales mix



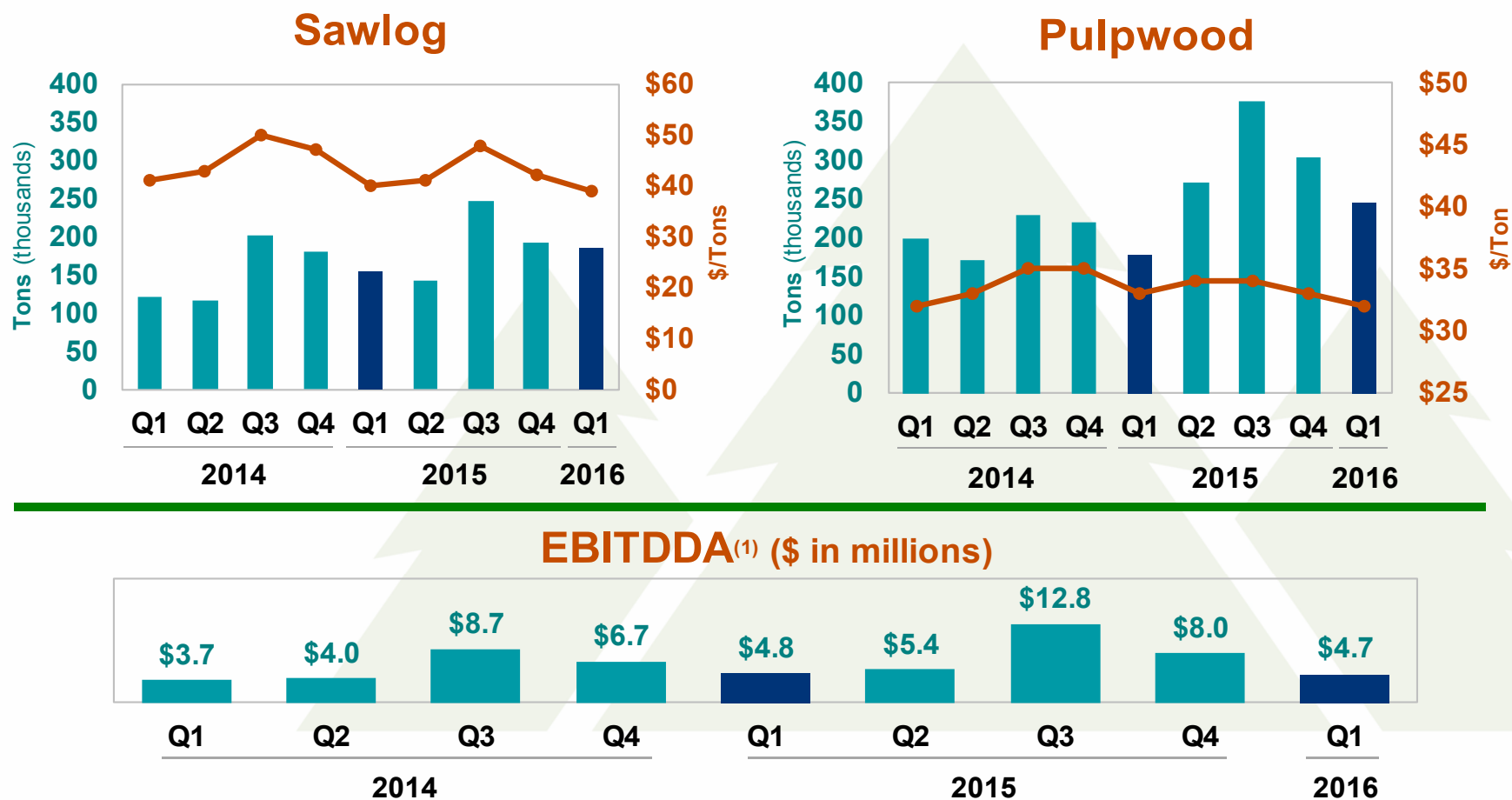
RESOURCE: Northern Region – Volume, Pricing and EBITTDA



⁽¹⁾ Non-GAAP measure. See slides 22 and 23 for definition and reconciliation.

Note: Volumes include tonnage harvested from company-owned fee land, while pricing data includes revenue generated from both company-owned fee land and non-fee stumpage purchased from third parties.

RESOURCE: Southern Region – Volume, Pricing and EBITTDA

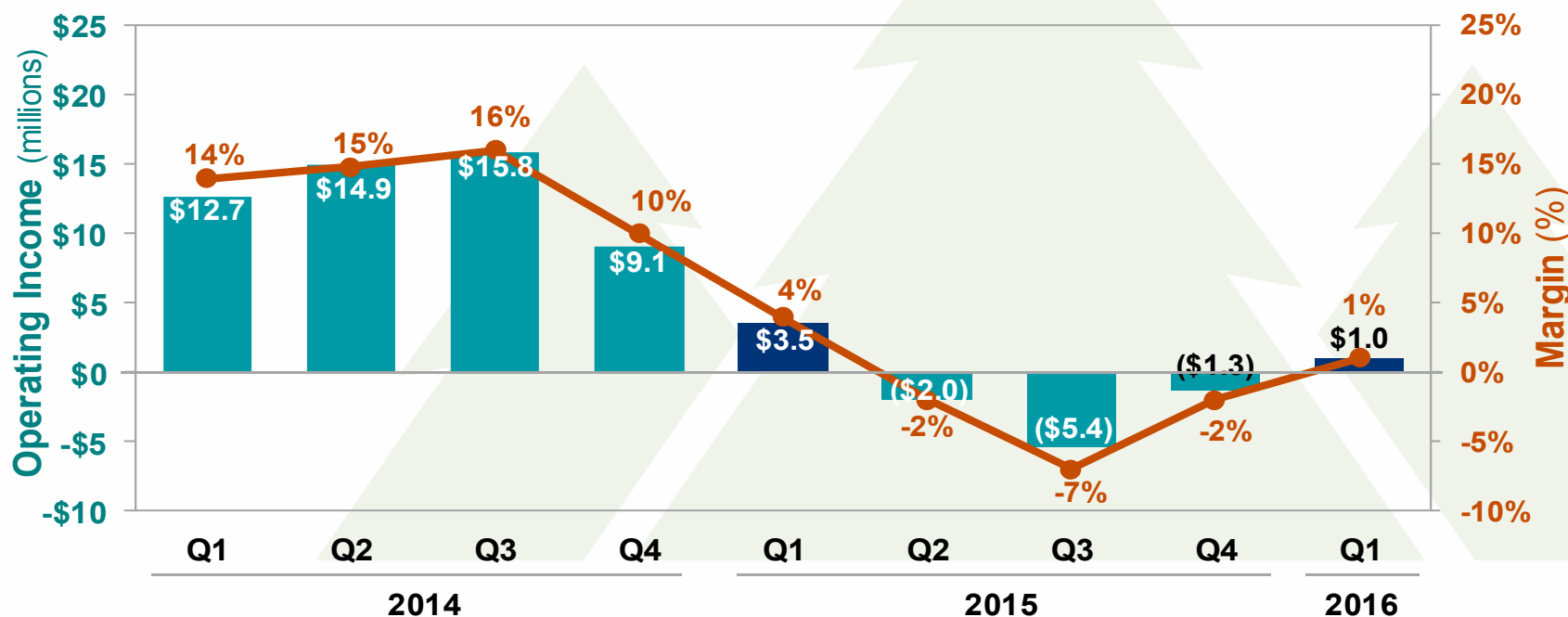


⁽¹⁾ Non-GAAP measure. See slides 22 and 23 for definition and reconciliation.

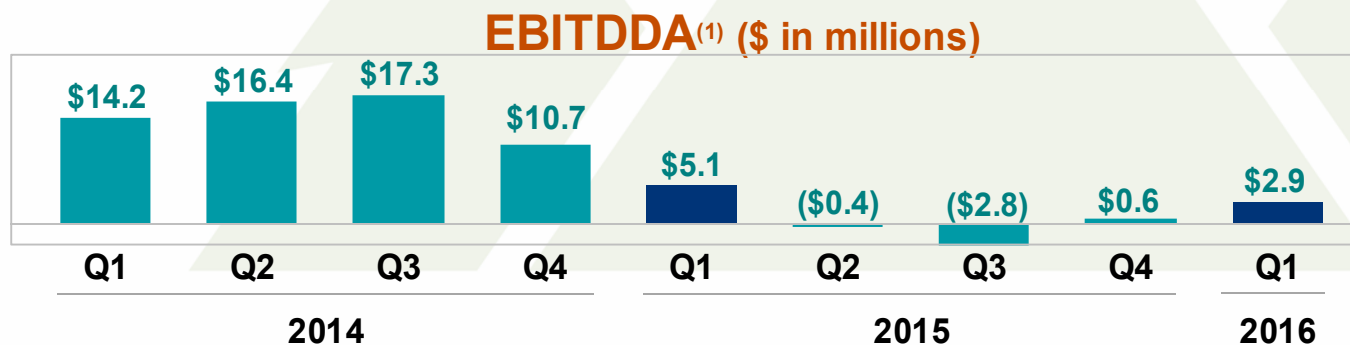
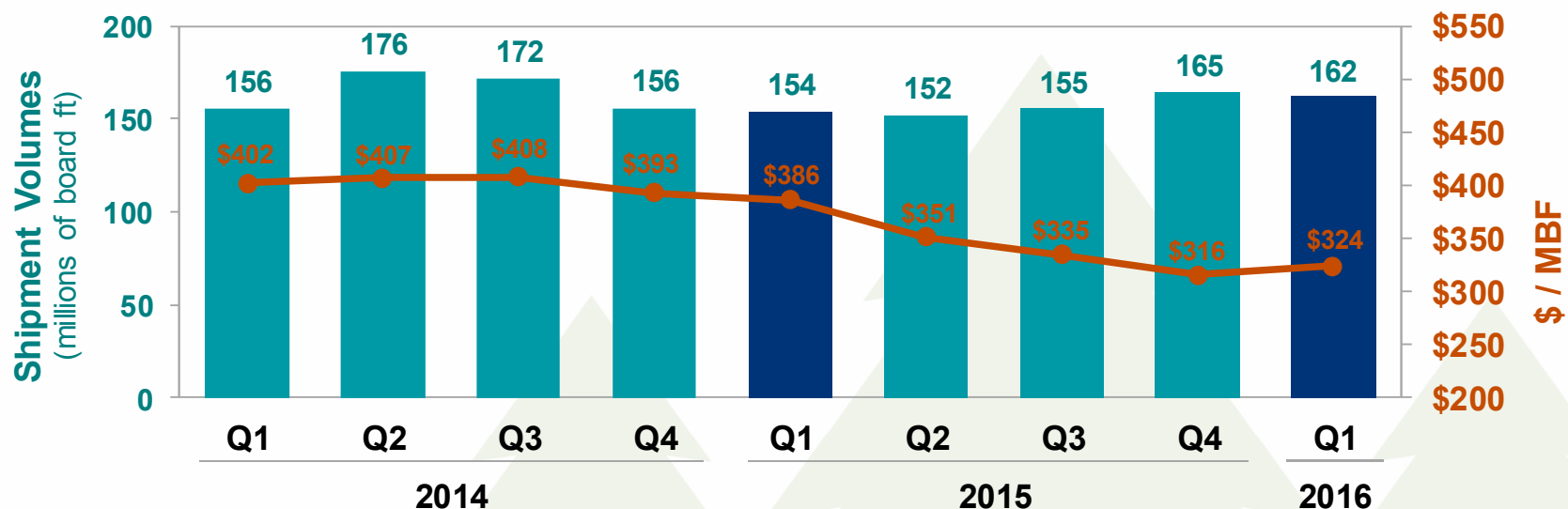
Note: Volumes include tonnage harvested from company-owned fee land, while pricing data includes revenue generated from both company-owned fee land and non-fee stumpage purchased from third parties.

WOOD PRODUCTS: Segment Summary

- Average lumber prices were 3% higher in Q1
- Lumber shipments were 2% lower in Q1
- Our St. Maries, Idaho sawmill took 11 days of downtime due to log shortages in Q1



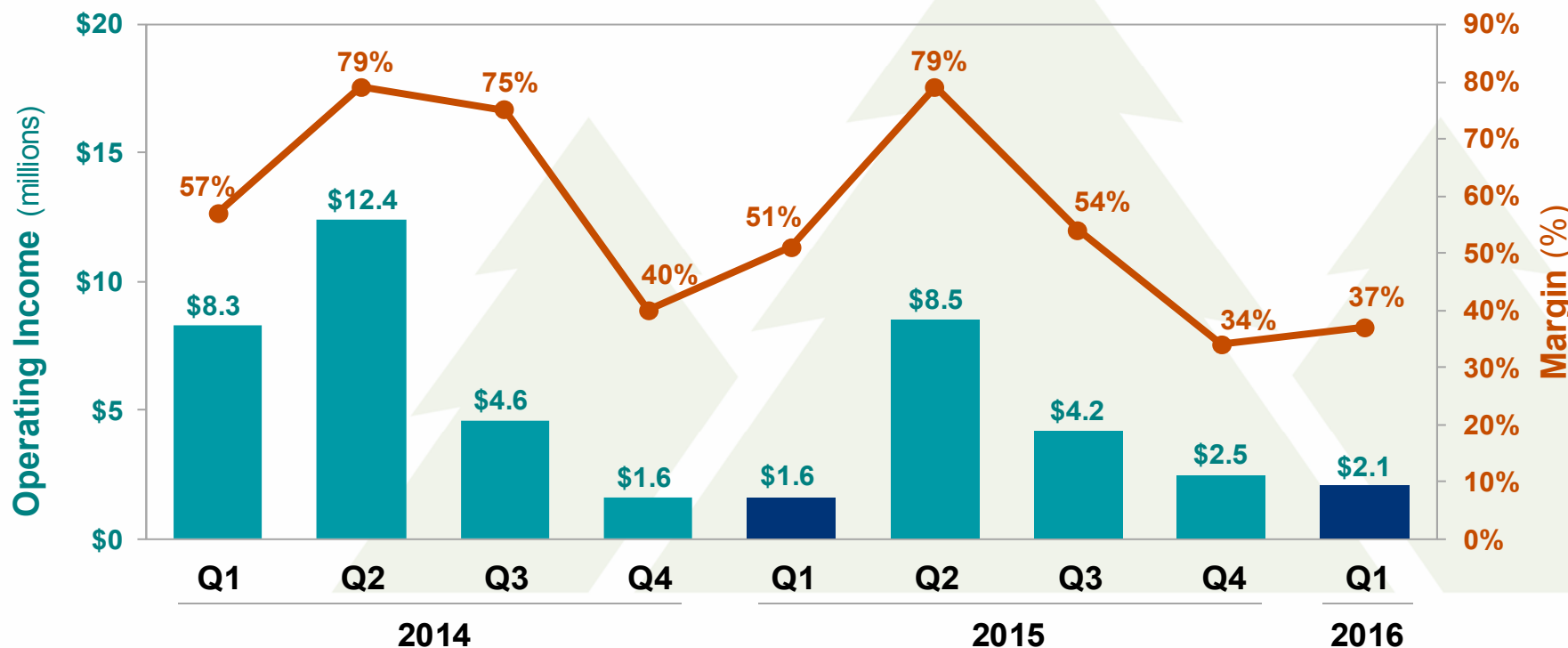
WOOD PRODUCTS: Lumber Sales Prices, Shipments and EBITDDA



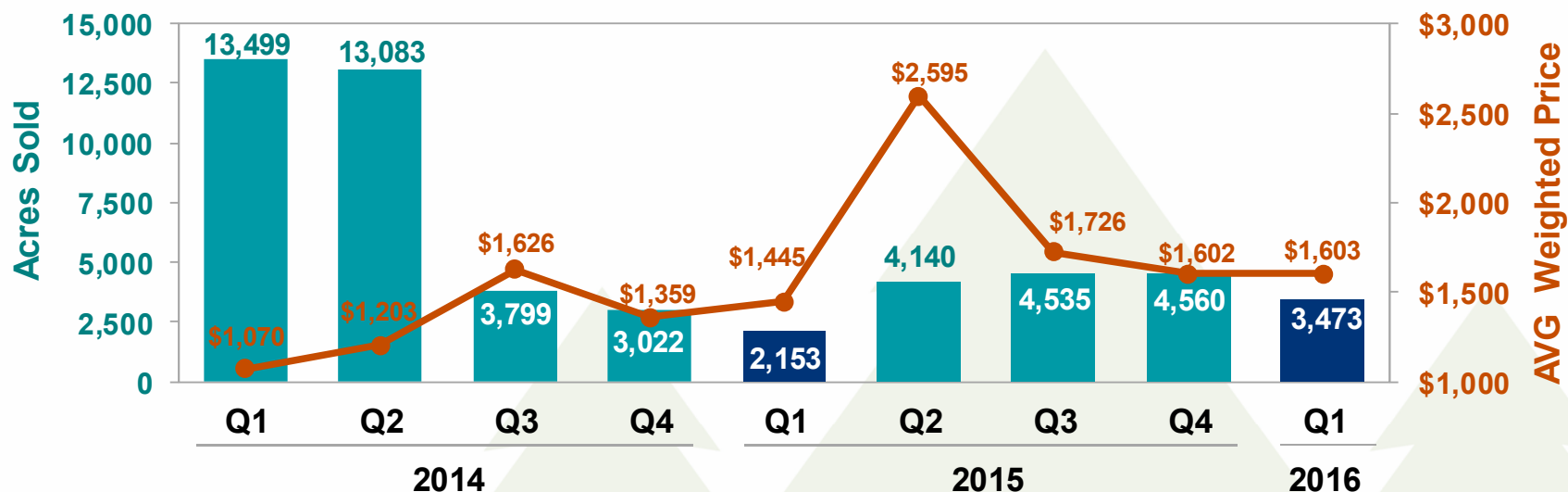
⁽¹⁾ Non-GAAP measure. See slide 22 for definition and reconciliation.

REAL ESTATE: Segment Summary

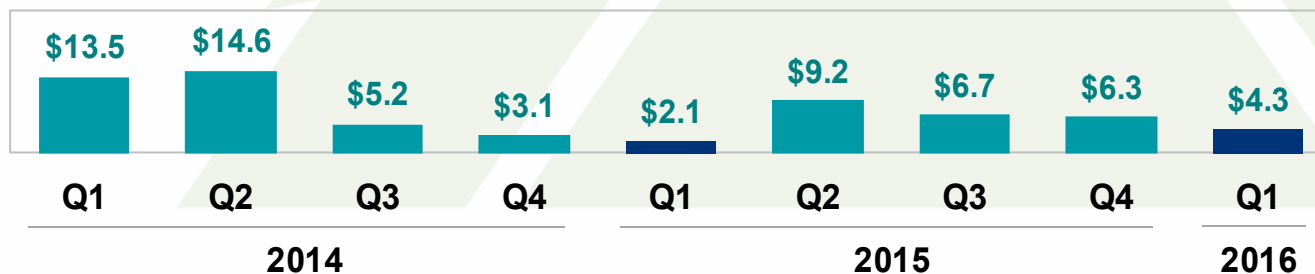
- 24% fewer acres were sold Q1, which is the seasonally weakest quarter of the year
- Land basis decreased slightly in Q1 due to a lower proportion of recently acquired property with a higher basis in the sales mix



REAL ESTATE: Acres Sold, Average Price and EBITDDA



EBITDDA⁽¹⁾ (\$ in millions)



⁽¹⁾ Non-GAAP measure. See slide 22 for definition and reconciliation.

FINANCIAL HIGHLIGHTS

Amounts as of March 31, 2016:

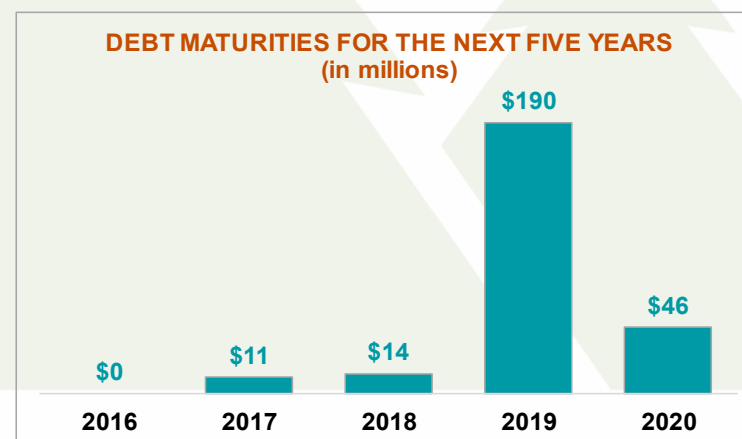
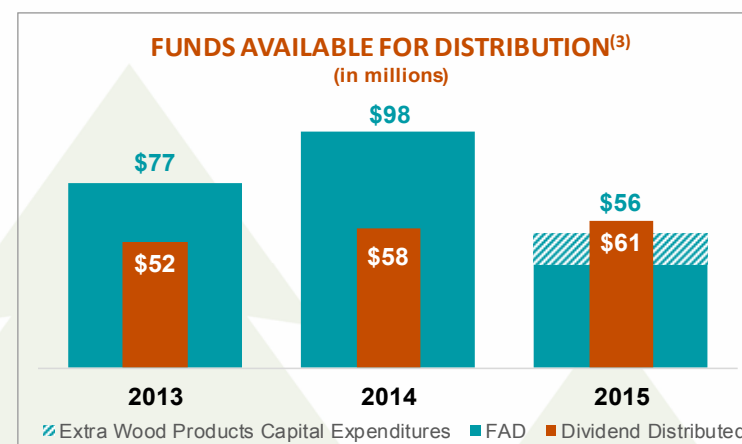
Unaudited, \$ in millions

| | |
|---|----------|
| Cash and short-term investments | \$ 7.8 |
| Debt | \$ 627.7 |
| Pension & postretirement liability | \$ 119.0 |
| Undrawn revolver | \$ 248.8 |
| Net debt to enterprise value ⁽¹⁾ | 30.8% |
| Dividend yield ⁽²⁾ | 4.4% |

⁽¹⁾ Net debt to enterprise value is a non-GAAP measure and is calculated as net debt divided by enterprise value. Net debt is calculated as long-term debt, revolving line of credit borrowings, less cash and short-term investments. Net debt (\$620) plus market capitalization (\$1,393) equals enterprise value. Market capitalization is as of April 22, 2016.

⁽²⁾ Based on the closing stock price of \$34.24 per share as of April 22, 2016.

⁽³⁾ FAD is a non-GAAP measure. See slide 23 for a reconciliation of FAD.



OUTLOOK

RESOURCE

- **Harvest 850,000 tons Q2**
 - ≈55% of volume in the South and ≈45% in the North
 - Sawlogs ≈45% of Southern volume and ≈90% of Northern volume
- **Higher sawlog prices Q2**
 - Higher indexed prices and seasonally lighter logs in the North: price increase up to 10%
 - Seasonally higher mix of hardwood in the South: price increase ≈2%

WOOD PRODUCTS

- **Expect to ship ≈174 million board feet of lumber Q2**
- **Lumber prices up ≈10% Q2**

REAL ESTATE

- **Pre-tax loss on central Idaho timberland sale of \$49 million Q2**
- **In addition to the central Idaho timberland sale, expect:**
 - To sell ≈4,000 acres at an average price of \$1,400 per acre Q2
 - Land basis of 25% – 30% Q2

OTHER

- **Corporate expected to be ≈\$9 million Q2**
- **Interest expense expected to be \$8.3 million Q2**
- **Consolidated tax rate of 35% – 40% Q2, excluding central Idaho**
- **Central Idaho loss of \$36 million Q2 after tax benefit**



Appendix

STATISTICS: Resource

(unaudited)

| Fee Volumes (tons) | 2014 | | | | 2015 | | | | 2016 |
|--------------------------------------|---------|---------|-----------|-----------|---------|---------|-----------|-----------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Northern Region | | | | | | | | | |
| Sawlog | 443,084 | 279,831 | 720,460 | 538,738 | 451,548 | 287,979 | 762,813 | 490,625 | 366,852 |
| Pulpwood | 60,579 | 30,124 | 62,340 | 48,883 | 47,840 | 31,284 | 69,329 | 46,449 | 52,361 |
| Stumpage | 10,968 | 2,475 | 1,862 | 1,007 | 16,903 | 3,277 | 2,604 | 790 | 16,207 |
| Total | 514,631 | 312,430 | 784,662 | 588,628 | 516,291 | 322,540 | 834,746 | 537,864 | 435,420 |
| Southern Region | | | | | | | | | |
| Sawlog | 121,910 | 115,855 | 200,838 | 181,147 | 154,730 | 142,107 | 246,566 | 192,930 | 185,051 |
| Pulpwood | 197,829 | 171,136 | 229,635 | 218,808 | 177,345 | 270,518 | 375,097 | 304,601 | 248,152 |
| Stumpage | 4,975 | 952 | 1,095 | 14,776 | 39,961 | 53,176 | 137,094 | 90,941 | 56,079 |
| Total | 324,714 | 287,943 | 431,568 | 414,731 | 372,036 | 465,801 | 758,757 | 588,472 | 489,282 |
| Total Fee Volume | 839,345 | 600,373 | 1,216,230 | 1,003,359 | 888,327 | 788,341 | 1,593,503 | 1,126,336 | 924,702 |
| Sales Price/Unit (\$ per ton) | | | | | | | | | |
| Northern Region | | | | | | | | | |
| Sawlog | \$ 83 | \$ 91 | \$ 96 | \$ 92 | \$ 83 | \$ 89 | \$ 92 | \$ 83 | \$ 78 |
| Pulpwood | \$ 41 | \$ 43 | \$ 45 | \$ 44 | \$ 43 | \$ 41 | \$ 41 | \$ 42 | \$ 42 |
| Stumpage | \$ 11 | \$ 11 | \$ 11 | \$ 14 | \$ 9 | \$ 6 | \$ 13 | \$ 13 | \$ 13 |
| Southern Region | | | | | | | | | |
| Sawlog | \$ 41 | \$ 43 | \$ 50 | \$ 47 | \$ 40 | \$ 41 | \$ 48 | \$ 42 | \$ 39 |
| Pulpwood | \$ 32 | \$ 33 | \$ 35 | \$ 35 | \$ 33 | \$ 34 | \$ 34 | \$ 33 | \$ 32 |
| Stumpage | \$ 11 | \$ 34 | \$ 19 | \$ 13 | \$ 18 | \$ 15 | \$ 21 | \$ 17 | \$ 18 |

STATISTICS: Wood Products & Real Estate

(unaudited)

| | 2014 | | | | 2015 | | | | 2016 |
|--|----------|----------|----------|----------|----------|-----------|----------|----------|----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Wood Products | | | | | | | | | |
| Lumber Shipments (MBF) | 155,596 | 176,046 | 171,818 | 156,123 | 154,206 | 152,071 | 155,388 | 164,965 | 161,992 |
| Lumber Sales Prices (\$ per MBF) | \$ 402 | \$ 407 | \$ 408 | \$ 393 | \$ 386 | \$ 351 | \$ 335 | \$ 316 | \$ 324 |
| Real Estate | | | | | | | | | |
| Acres Sold | | | | | | | | | |
| HBU Development | 68 | 1,424 | 1,876 | 416 | 243 | 514 | 1,750 | 2,092 | 1,088 |
| Rural Real Estate | 13,203 | 10,821 | 1,721 | 2,314 | 1,122 | 3,280 | 2,596 | 2,038 | 2,281 |
| Non-Strategic Timberlands | 228 | 838 | 202 | 292 | 788 | 346 | 189 | 430 | 104 |
| | 13,499 | 13,083 | 3,799 | 3,022 | 2,153 | 4,140 | 4,535 | 4,560 | 3,473 |
| Revenues by Product Type (millions) | | | | | | | | | |
| HBU Development | \$ 0.2 | \$ 2.9 | \$ 3.9 | \$ 1.1 | \$ 0.9 | \$ 5.9 | \$ 4.2 | \$ 4.4 | \$ 2.3 |
| Rural Real Estate | 14.0 | 12.2 | 2.2 | 2.8 | 1.5 | 4.5 | 3.5 | 2.5 | 3.2 |
| Non-Strategic Timberlands | 0.2 | 0.7 | 0.1 | 0.2 | 0.7 | 0.3 | 0.2 | 0.4 | 0.1 |
| | \$ 14.4 | \$ 15.8 | \$ 6.2 | \$ 4.1 | \$ 3.1 | \$ 10.7 | \$ 7.9 | \$ 7.3 | \$ 5.6 |
| Sales Price per Acre | | | | | | | | | |
| HBU Development | \$ 2,783 | \$ 2,025 | \$ 2,096 | \$ 2,529 | \$ 3,587 | \$ 11,467 | \$ 2,420 | \$ 2,086 | \$ 2,113 |
| Rural Real Estate | \$ 1,066 | \$ 1,125 | \$ 1,245 | \$ 1,211 | \$ 1,324 | \$ 1,394 | \$ 1,328 | \$ 1,227 | \$ 1,406 |
| Non-Strategic Timberlands | \$ 793 | \$ 807 | \$ 610 | \$ 808 | \$ 903 | \$ 813 | \$ 770 | \$ 1,021 | \$ 565 |
| Transactions by Product Type | | | | | | | | | |
| HBU Development | 4 | 12 | 15 | 15 | 8 | 18 | 10 | 23 | 11 |
| Rural Real Estate | 20 | 25 | 25 | 28 | 20 | 43 | 41 | 29 | 20 |
| Non-Strategic Timberlands | 3 | 5 | 4 | 7 | 6 | 5 | 3 | 3 | 3 |
| | 27 | 42 | 44 | 50 | 34 | 66 | 54 | 55 | 34 |

Total Company Earnings Summary

(unaudited, \$ in millions, except per share amounts)

| | 2014 | | | | 2015 | | | | 2016 |
|-----------------------------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Operating income: | | | | | | | | | |
| Resource | \$ 16.2 | \$ 10.8 | \$ 34.1 | \$ 23.9 | \$ 15.0 | \$ 8.8 | \$ 36.4 | \$ 16.1 | \$ 10.2 |
| Wood Products | 12.7 | 14.9 | 15.8 | 9.1 | 3.5 | (2.0) | (5.4) | (1.3) | 1.0 |
| Real Estate | 8.3 | 12.4 | 4.6 | 1.6 | 1.6 | 8.5 | 4.2 | 2.5 | 2.1 |
| Eliminations and adjustments | 0.8 | 0.8 | (2.0) | 0.2 | 3.0 | 0.6 | (0.6) | 0.3 | 1.4 |
| Total operating income | 38.0 | 38.9 | 52.5 | 34.8 | 23.1 | 15.9 | 34.6 | 17.6 | 14.7 |
| Corporate | (6.7) | (9.2) | (7.6) | (8.2) | (9.0) | (8.6) | (6.9) | (7.8) | (9.6) |
| Interest expense, net | (5.5) | (5.5) | (5.5) | (6.4) | (8.1) | (8.0) | (8.3) | (8.4) | (6.0) |
| Income (loss) before taxes | 25.8 | 24.2 | 39.4 | 20.2 | 6.0 | (0.7) | 19.4 | 1.4 | (0.9) |
| Income taxes | (5.5) | (7.9) | (6.2) | (0.1) | (0.3) | 1.4 | 2.4 | 2.1 | 1.1 |
| Net income | \$ 20.3 | \$ 16.3 | \$ 33.2 | \$ 20.1 | \$ 5.7 | \$ 0.7 | \$ 21.8 | \$ 3.5 | \$ 0.2 |
| Diluted earnings per share | \$ 0.50 | \$ 0.40 | \$ 0.81 | \$ 0.49 | \$ 0.14 | \$ 0.02 | \$ 0.53 | \$ 0.09 | \$ - |
| Distributions per share | \$ 0.35 | \$ 0.35 | \$ 0.35 | \$ 0.375 | \$ 0.375 | \$ 0.375 | \$ 0.375 | \$ 0.375 | \$ 0.375 |

NON-GAAP RECONCILIATION: Consolidated and Operating Segment EBITDDA

(unaudited, \$ in millions)

| | 2014 | | | | 2015 | | | | 2016 |
|--|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Net income | \$ 20.3 | \$ 16.3 | \$ 33.2 | \$ 20.1 | \$ 5.7 | \$ 0.7 | \$ 21.8 | \$ 3.5 | \$ 0.2 |
| Income tax provision | 5.5 | 7.9 | 6.2 | 0.1 | 0.3 | (1.4) | (2.4) | (2.1) | (1.1) |
| Interest expense, net ⁽¹⁾ | 5.5 | 5.5 | 5.5 | 6.4 | 8.1 | 8.0 | 8.3 | 8.4 | 6.0 |
| Depreciation, depletion & amortization | 5.8 | 4.6 | 7.9 | 7.1 | 8.1 | 6.7 | 12.2 | 9.6 | 8.2 |
| Basis of real estate sold | 4.6 | 2.2 | 0.5 | 1.3 | 0.4 | 0.6 | 2.4 | 3.6 | 2.0 |
| Non-cash eliminations | - | - | - | - | - | - | 0.9 | - | - |
| Consolidated EBITDDA⁽²⁾ | \$ 41.7 | \$ 36.5 | \$ 53.3 | \$ 35.0 | \$ 22.6 | \$ 14.6 | \$ 43.2 | \$ 23.0 | \$ 15.3 |
| Resource | | | | | | | | | |
| Operating Income | \$ 16.2 | \$ 10.8 | \$ 34.1 | \$ 23.9 | \$ 15.0 | \$ 8.8 | \$ 36.4 | \$ 16.1 | \$ 10.2 |
| Depreciation, depletion and amortization | 3.9 | 2.8 | 6.0 | 5.1 | 6.2 | 4.8 | 10.3 | 7.5 | 6.1 |
| Resource EBITDDA⁽²⁾ | \$ 20.1 | \$ 13.6 | \$ 40.1 | \$ 29.0 | \$ 21.2 | \$ 13.6 | \$ 46.7 | \$ 23.6 | \$ 16.3 |
| Wood Products | | | | | | | | | |
| Operating income | \$ 12.7 | \$ 14.9 | \$ 15.8 | \$ 9.1 | \$ 3.5 | \$ (2.0) | \$ (5.4) | \$ (1.3) | \$ 1.0 |
| Depreciation, amortization, & eliminations | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 1.6 | 2.6 | 1.9 | 1.9 |
| Wood Products EBITDDA⁽²⁾ | \$ 14.2 | \$ 16.4 | \$ 17.3 | \$ 10.7 | \$ 5.1 | \$ (0.4) | \$ (2.8) | \$ 0.6 | \$ 2.9 |
| Real Estate | | | | | | | | | |
| Operating Income | \$ 8.3 | \$ 12.4 | \$ 4.6 | \$ 1.6 | \$ 1.6 | \$ 8.5 | \$ 4.2 | \$ 2.5 | \$ 2.1 |
| Basis of land and depreciation | 5.2 | 2.2 | 0.6 | 1.5 | 0.5 | 0.7 | 2.5 | 3.8 | 2.2 |
| Real Estate EBITDDA⁽²⁾ | \$ 13.5 | \$ 14.6 | \$ 5.2 | \$ 3.1 | \$ 2.1 | \$ 9.2 | \$ 6.7 | \$ 6.3 | \$ 4.3 |

⁽¹⁾ Interest expense includes amortization of bond discounts and deferred loan fees.

⁽²⁾ EBITDDA is a non-GAAP measure and is net income adjusted for interest expense, provision for income taxes, depreciation, depletion and amortization, basis of real estate sold and non-cash asset impairment and eliminations.

NON-GAAP RECONCILIATION: Resource EBITDDA by Region and FAD

(unaudited, \$ in millions)

| <u>Resource EBITDDA by Region</u> | 2014 | | | | 2015 | | | | 2016 |
|--|----------------|---------------|----------------|----------------|----------------|---------------|----------------|----------------|----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 |
| Northern Resource | | | | | | | | | |
| Operating Income | \$ 13.0 | \$ 7.2 | \$ 26.0 | \$ 18.4 | \$ 12.7 | \$ 6.3 | \$ 28.6 | \$ 11.7 | \$ 8.6 |
| Depreciation, depletion and amortization | 3.4 | 2.4 | 5.4 | 3.9 | 3.7 | 1.9 | 5.3 | 3.9 | 3.0 |
| Northern Resource EBITDDA⁽¹⁾ | \$ 16.4 | \$ 9.6 | \$ 31.4 | \$ 22.3 | \$ 16.4 | \$ 8.2 | \$ 33.9 | \$ 15.6 | \$ 11.6 |
| Southern Resource | | | | | | | | | |
| Operating income | \$ 3.2 | \$ 3.6 | \$ 8.1 | \$ 5.5 | \$ 2.3 | \$ 2.5 | \$ 7.8 | \$ 4.4 | \$ 1.6 |
| Depreciation, depletion and amortization | 0.5 | 0.4 | 0.6 | 1.2 | 2.5 | 2.9 | 5.0 | 3.6 | 3.1 |
| Southern Resource EBITDDA⁽¹⁾ | \$ 3.7 | \$ 4.0 | \$ 8.7 | \$ 6.7 | \$ 4.8 | \$ 5.4 | \$ 12.8 | \$ 8.0 | \$ 4.7 |

FAD

| | 2013 | 2014 | 2015 | 2016 Q1 |
|---|----------------|----------------|----------------|---------------|
| GAAP net income | \$ 70.6 | \$ 89.9 | \$ 31.7 | \$ 0.2 |
| Bond discounts and deferred loan fees | 1.5 | 1.3 | 1.5 | 0.4 |
| Depreciation, depletion & amortization | 25.5 | 25.4 | 36.6 | 8.2 |
| Basis of real estate sold | 2.9 | 8.6 | 7.0 | 2.0 |
| Capital expenditures ⁽²⁾ | (23.6) | (27.4) | (33.9) | (3.1) |
| Funds Available for Distribution⁽²⁾ | \$ 76.9 | \$ 97.8 | \$ 42.9 | \$ 7.7 |

(1) EBITDDA is a non-GAAP measure. See slide 22 for definition.

(2) Funds Available for Distribution (FAD) is net income adjusted for depreciation, depletion and amortization, basis of real estate sold, and capital expenditures. For purposes of this definition, capital expenditures exclude all expenditures relating to direct or indirect timberland purchases in excess of \$5 million.