



Q4 2017

# Earnings Release

January 30, 2018

**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**

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[www.potlatchcorp.com](http://www.potlatchcorp.com)

# Forward-Looking Statements & Non-GAAP Measures

## ADDITIONAL INFORMATION

This communication is being made in respect of the proposed merger transaction involving Potlatch Corporation (“Potlatch”) and Deltic Timber Corporation (“Deltic”). This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. In connection with the proposed merger, Potlatch and Deltic filed a registration statement on Form S-4 that was declared effective on January 17, 2018, and Potlatch filed a joint proxy statement/prospectus on Form 424B3 on January 18, 2018 that has been mailed to stockholders of Potlatch and Deltic. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, SECURITY HOLDERS OF POTLATCH AND DELTIC ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** The joint proxy statement/prospectus, as well as other filings containing information about Potlatch and Deltic will be available without charge, at the SEC’s Internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the SEC that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained, when available, without charge, from Potlatch’s website at <http://www.Potlatchcorp.com> under the Investor Resources tab (in the case of documents filed by Potlatch) and on Deltic’s website at <https://www.Deltic.com> under the Investor Relations tab (in the case of documents filed by Deltic).

Potlatch and Deltic, and certain of their respective directors, executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from the stockholders of Deltic and Potlatch in respect of the proposed merger transaction. Certain information about the directors and executive officers of Potlatch is set forth in its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on February 17, 2017, its proxy statement for its 2017 annual meeting of stockholders, which was filed with the SEC on April 3, 2017, its Current Report on Form 8-K, which was filed on May 1, 2017, and its joint proxy statement and prospectus that was filed with the SEC on Form 424B3 on January 18, 2018. Certain Information about the directors and executive officers of Deltic is set forth in its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on March 7, 2017, its proxy statement for its 2017 annual meeting of stockholders, which was filed with the SEC on March 20, 2017, its supplement to the proxy statement for its 2017 annual meeting of the stockholders, which was filed with the SEC on March 30, 2017, its Current Reports on Form 8-K, which were filed with the SEC on September 1, 2017, May 2, 2017, March 8, 2017 and February 27, 2017, and its joint proxy statement/prospectus that was filed with the SEC on Form DEFM14A on January 18, 2018.

# 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, our expectations regarding the U.S. housing market; strong repair and remodel market; increased capital investment in manufacturing in the U.S. South; lumber demand and pricing; future company performance; the direction of our business markets; business conditions, pricing, EBITDDA and earnings in our Resource, Wood Products and Real Estate segments; company earnings in the first quarter of 2019 and for the full year; harvest volumes in the first quarter of 2018 and for the full year; percentage of total harvest that will occur in the North and South and the percentage of sawlogs to be harvested in the North and the South in the first quarter of 2018 and the full year; lumber shipments in the first quarter of 2018 and for the year; real estate sales and land basis in the first quarter of 2018 and for the full year; capital projects and capital expenditures in the first quarter of 2018; corporate expenses in the first quarter of 2018; tax rate for the first quarter of 2018 and full year; debt maturities; interest expense in the first quarter of 2018 and for the full year; closing of \$380 million revolver; the expected closing of the merger of Potlatch and Deltic; the proposed impact of the merger on Potlatch's financial results, the estimated distribution of Deltic's accumulated earnings and profits, and the integration of Deltic's operations. You should carefully read forward-looking statements, including statements that contain these words, because they discuss the future expectations or state other "forward-looking" information about Potlatch. A number of important factors could cause actual results or events to differ materially from those indicated by such forward-looking statements, many of which are beyond Potlatch's control; the U.S. housing market, changes in timberland values; changes in timber harvest levels on the company's lands; changes in timber prices; changes in policy regarding governmental timber sales; availability of logging contractors and shipping capacity; changes in the United States and international economies; changes in interest rates; changes in the level of construction activity; changes in Asia demand; changes in tariffs, quotas and trade agreements involving wood products; currency fluctuation; changes in demand for our 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; restrictions on harvesting due to fire danger; changes in raw material, fuel and other costs; changes in share price; the successful execution of the company's strategic plans; the company's ability to consummate the merger with Deltic or satisfy the conditions to the completion of the transaction, including the receipt of stockholder approvals, the company's ability to meet expectations regarding the timing, completion and accounting and tax treatments of the merger transaction; the possibility that any of the anticipated benefits of the proposed merger will not be realized or will not be realized within the expected time period; the risk that integration of Deltic's operations with those of Potlatch will be materially delayed or will be more costly or difficult than expected; the failure of the proposed merger to close for any other reason; the effect of the announcement of the merger on customer relationships and operating results (including, without limitation, difficulties in maintaining relationships with employees or customers); dilution caused by Potlatch's issuance of additional shares of its common stock in connection with the merger; the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events; the diversion of management time on transaction related issues; the estimation of Deltic's accumulated earnings and profits is preliminary and may change with further due diligence; and the other factors described in Potlatch's Annual Report on Form 10-K and in the company's other filings with the SEC, including the risks discussed in the definitive joint proxy statement/prospectus filed with the SEC on Form 424B3 on January 18, 2018 in connection with the proposed transaction with Deltic. Potlatch assumes no obligation to update the information in this communication, except as otherwise required by law. Readers are cautioned not to place undue reliance on these forward-looking statements, all of which speak only as of the date hereof.

## 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](http://www.potlatchcorp.com).

# Q4 2017: Total Company Summary

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

	2017 Q3	2017 Q4	2016 YTD	2017 YTD
<b>Operating Income</b>				
Resource	\$ 41.8	\$ 29.9	\$ 81.9	\$ 106.1
Wood Products	19.3	19.5	24.6	72.2
Real Estate	1.4	2.8	(29.5)	18.6
Eliminations	(3.1)	(1.8)	(3.0)	(2.8)
Total operating income	59.4	50.4	74.0	194.1
Corporate	(15.6)	(13.4)	(38.5)	(48.6)
Interest expense, net	(7.4)	(7.3)	(28.9)	(27.0)
Income before taxes	36.4	29.7	6.6	118.5
Income taxes	(2.7)	(18.1)	4.3	(32.0)
<b>Net income (GAAP)</b>	<b>33.7</b>	<b>11.6</b>	<b>10.9</b>	<b>86.5</b>
Special items, after-tax	5.0	14.1	37.3	17.1
<b>Adjusted net income (excluding special items)<sup>(1)</sup></b>	<b>\$ 38.7</b>	<b>\$ 25.7</b>	<b>\$ 48.2</b>	<b>\$ 103.6</b>
<b>Diluted EPS (GAAP)</b>	<b>\$ 0.82</b>	<b>\$ 0.28</b>	<b>\$ 0.27</b>	<b>\$ 2.10</b>
<b>Adjusted diluted EPS (excluding special items)<sup>(1)</sup></b>	<b>\$ 0.94</b>	<b>\$ 0.62</b>	<b>\$ 1.18</b>	<b>\$ 2.51</b>

	2017 Q3	2017 Q4	2016 YTD	2017 YTD
<b>Adjusted EBITDDA<sup>(2)</sup></b>				
Northern region	\$ 39.0	\$ 28.1	\$ 74.6	\$ 101.8
Southern region	9.0	7.4	31.4	24.8
Total Resource	48.0	35.5	106.0	126.6
Wood Products	24.2	21.5	32.0	79.5
Real Estate	2.1	3.4	27.5	25.7
Eliminations	(3.1)	(1.8)	(3.0)	(2.8)
Corporate	(10.6)	(9.6)	(37.2)	(39.6)
<b>Adjusted EBITDDA</b>	<b>\$ 60.6</b>	<b>\$ 49.0</b>	<b>\$ 125.3</b>	<b>\$ 189.4</b>

(1) Non-GAAP measure. See slide 5 for definition and reconciliation.

(2) Non-GAAP measure. See slide 19 for definition and reconciliation.



# Adjusted Net Income (excluding special items)<sup>(1)</sup>

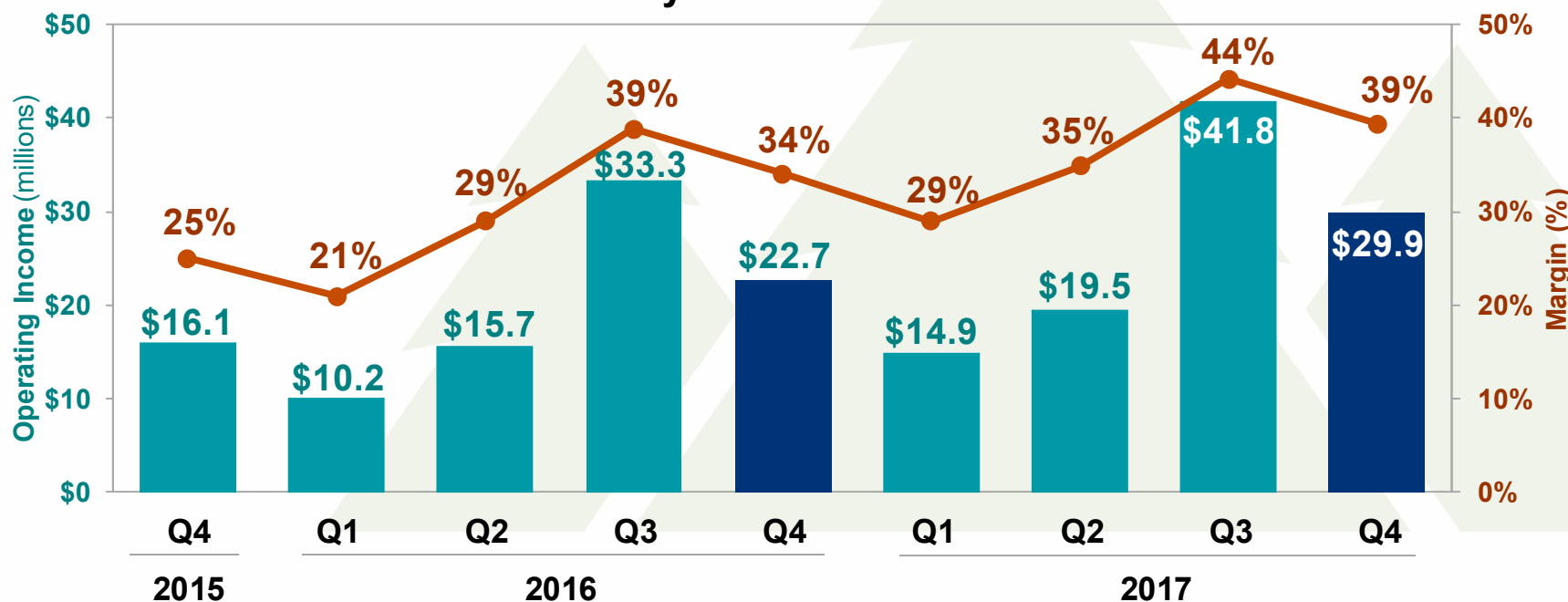
(unaudited, \$ in millions, except per share amounts)

	2017 Q3			2017 Q4		
	Income	Income	Diluted	Income	Income	Diluted
	Before Taxes	After Taxes	EPS	Before Taxes	After Taxes	EPS
<b>Net income (GAAP)</b>	\$ 36.4	\$ 33.7	\$ 0.82	\$ 29.7	\$ 11.6	\$ 0.28
Special items:						
Impact of tax legislation <sup>(2)</sup>	-	-	-	-	10.7	0.26
Deltic merger-related costs <sup>(3)</sup>	-	-	-	3.4	3.4	0.08
Lumber price swap cash settlements received <sup>(4)</sup>	1.0	0.7	0.02	0.1	-	-
Change in unrealized (gain) loss on lumber price swap <sup>(4)</sup>	2.1	1.3	0.03	0.1	-	-
Environmental charges for Avery Landing	5.0	3.0	0.07	-	-	-
<b>Net income excluding special items</b>	<b>\$ 44.5</b>	<b>\$ 38.7</b>	<b>\$ 0.94</b>	<b>\$ 33.3</b>	<b>\$ 25.7</b>	<b>\$ 0.62</b>
	2016 YTD			2017 YTD		
	Income	Income	Diluted	Income	Income	Diluted
	Before Taxes	After Taxes	EPS	Before Taxes	After Taxes	EPS
<b>Net income (GAAP)</b>	\$ 6.6	\$ 10.9	\$ 0.27	\$ 118.5	\$ 86.5	\$ 2.10
Special items:						
Impact of tax legislation <sup>(2)</sup>	-	-	-	-	10.7	0.26
Deltic merger-related costs <sup>(3)</sup>	-	-	-	3.4	3.4	0.08
Environmental charges for Avery Landing	1.0	0.6	0.01	5.0	3.0	0.07
Lumber price swap cash settlements received <sup>(4)</sup>	-	-	-	1.1	0.7	0.02
Change in unrealized (gain) loss on lumber price swap <sup>(4)</sup>	-	-	-	(1.1)	(0.7)	(0.02)
Loss on sale of central Idaho timberlands	48.5	36.7	0.90	-	-	-
<b>Net income excluding special items</b>	<b>\$ 56.1</b>	<b>\$ 48.2</b>	<b>\$ 1.18</b>	<b>\$ 126.9</b>	<b>\$ 103.6</b>	<b>\$ 2.51</b>

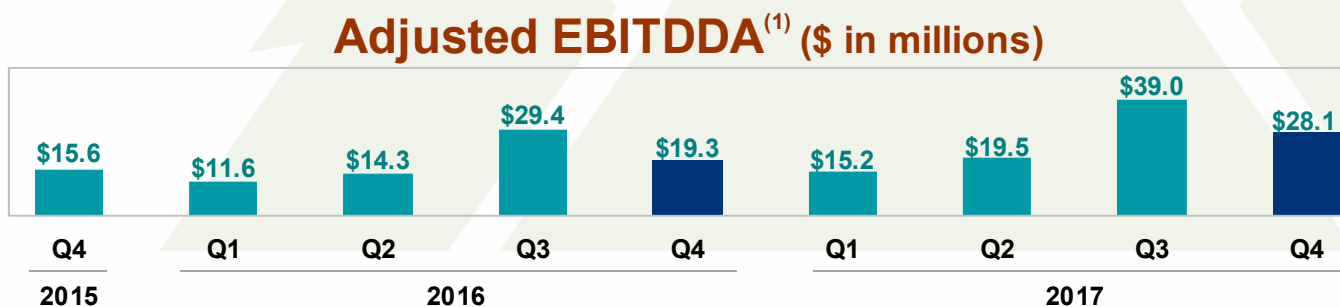
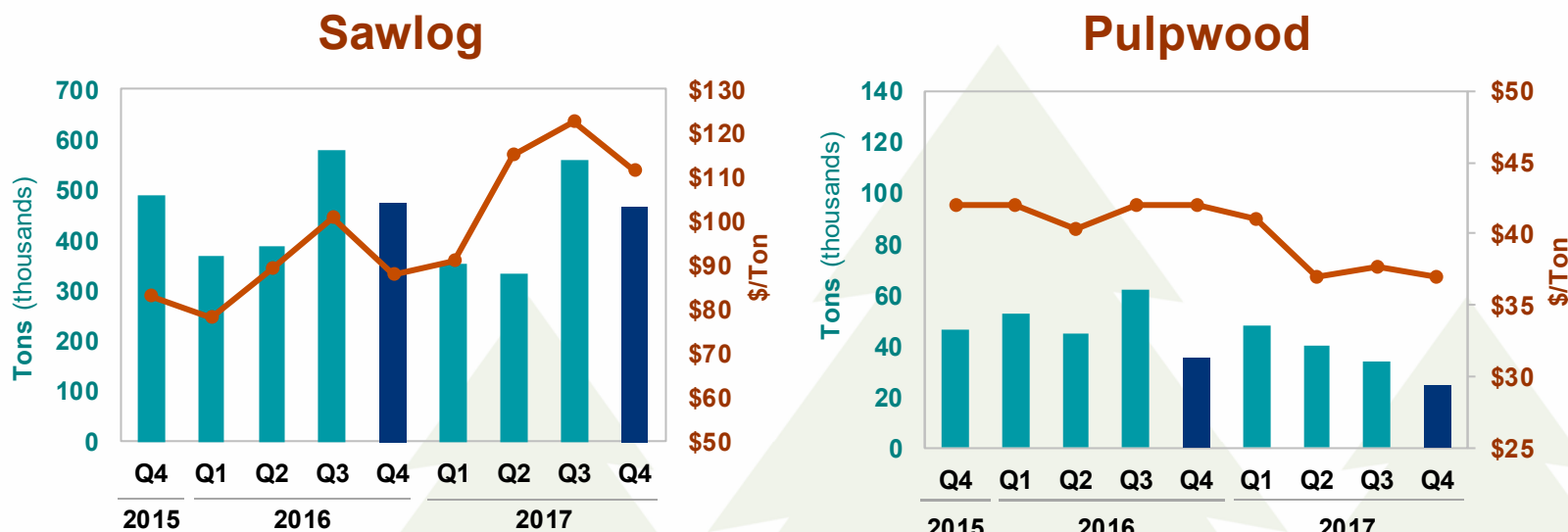
- (1) We believe that this non-GAAP measure, when read in conjunction with our GAAP financials, provides useful information to investors by facilitating the comparability of our ongoing operating results over the periods presented, the ability to identify trends in our underlying business and the comparison of our operating results against analyst financial models and operating results of other public companies that supplement their GAAP results with non-GAAP financial measures.
- (2) The Tax Cuts and Jobs Act was enacted on December 22, 2017 and lowers U.S. corporate income tax rates as of January 1, 2018. The estimated impact of the tax legislation was an increase in income tax expense of \$10.7 million due to the remeasurement of U.S. deferred tax assets at lower enacted corporate tax rates.
- (3) The costs were incurred by our Real Estate Investment Trust (REIT), which generally is not subject to income taxes.
- (4) Lumber price swap adjusted to exclude the change in unrealized (gain) loss and include cash settlements received during the period.

# RESOURCE: Segment Summary

- Northern sawlog prices decreased 9% due largely to seasonally heavier logs and a lower mix of cedar logs
- Southern sawlog prices increased 6%, due primarily to an increase in hardwood logs in the mix
- Harvest volumes were seasonally lower in the North and the South



# RESOURCE: Northern Region – Volume, Pricing and Adjusted EBITDDA

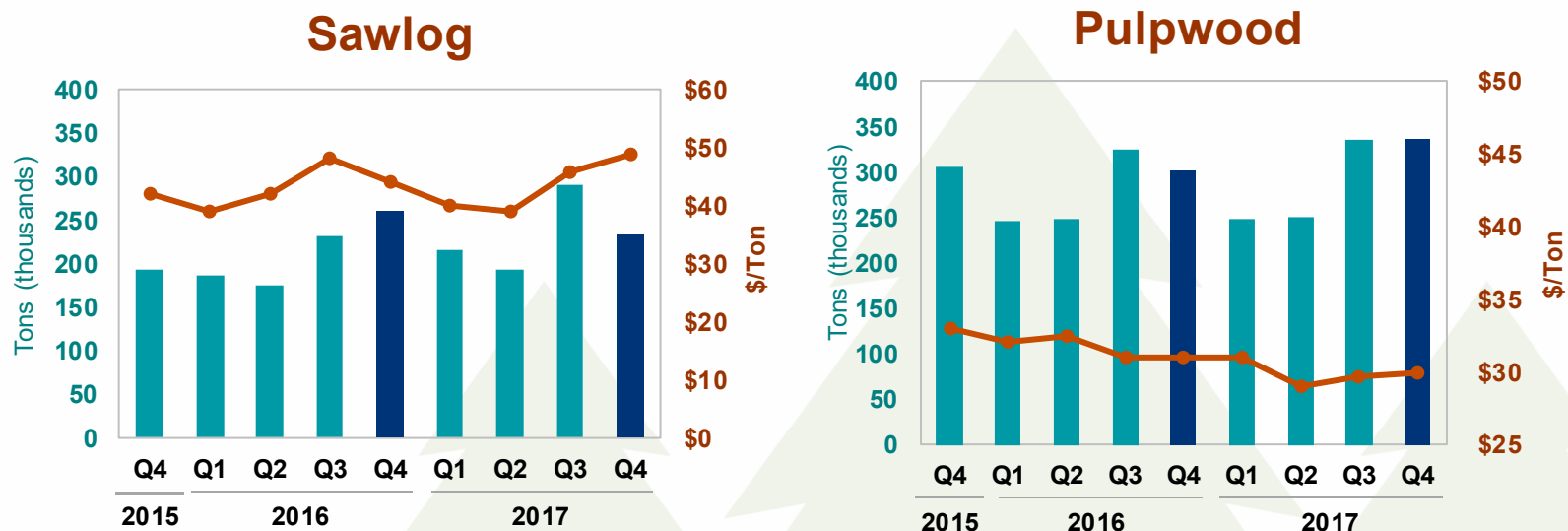


(1) Non-GAAP measure. See slide 19 for definition and reconciliation.

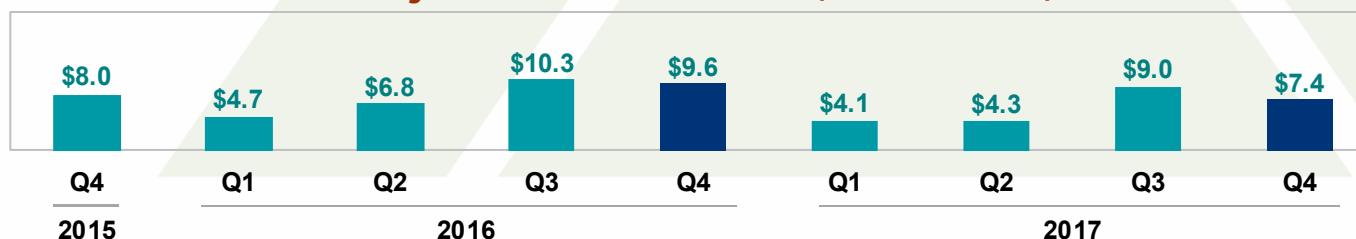
Note: Volumes include tonnage harvested from company-owned fee land, while pricing data includes revenue generated from both company-owned fee land and non-fee stumpage purchased from third parties.

# RESOURCE:

## Southern Region – Volume, Pricing and Adjusted EBITDDA



### Adjusted EBITDDA<sup>(1)</sup> (\$ in millions)



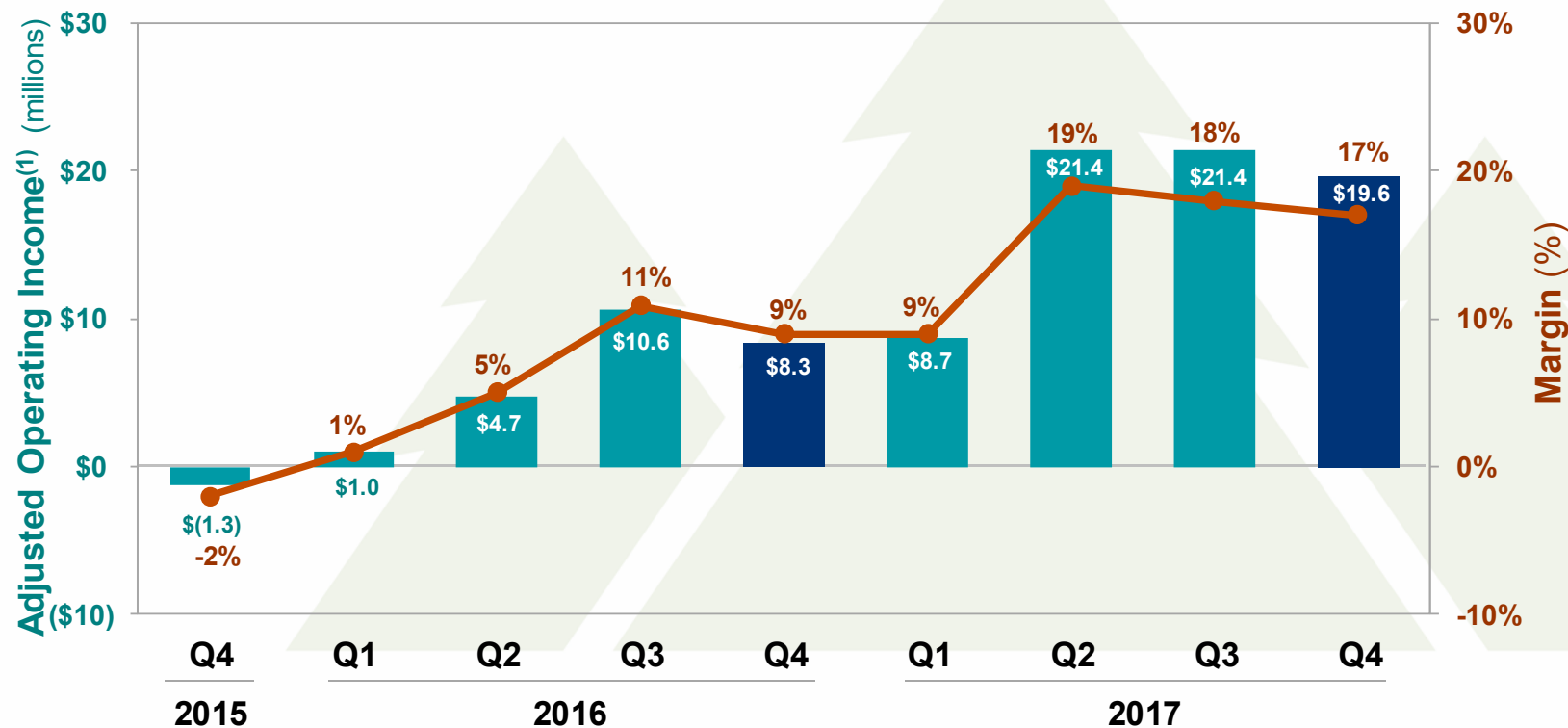
(1) Non-GAAP measure. See slide 19 for definition and reconciliation.

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.



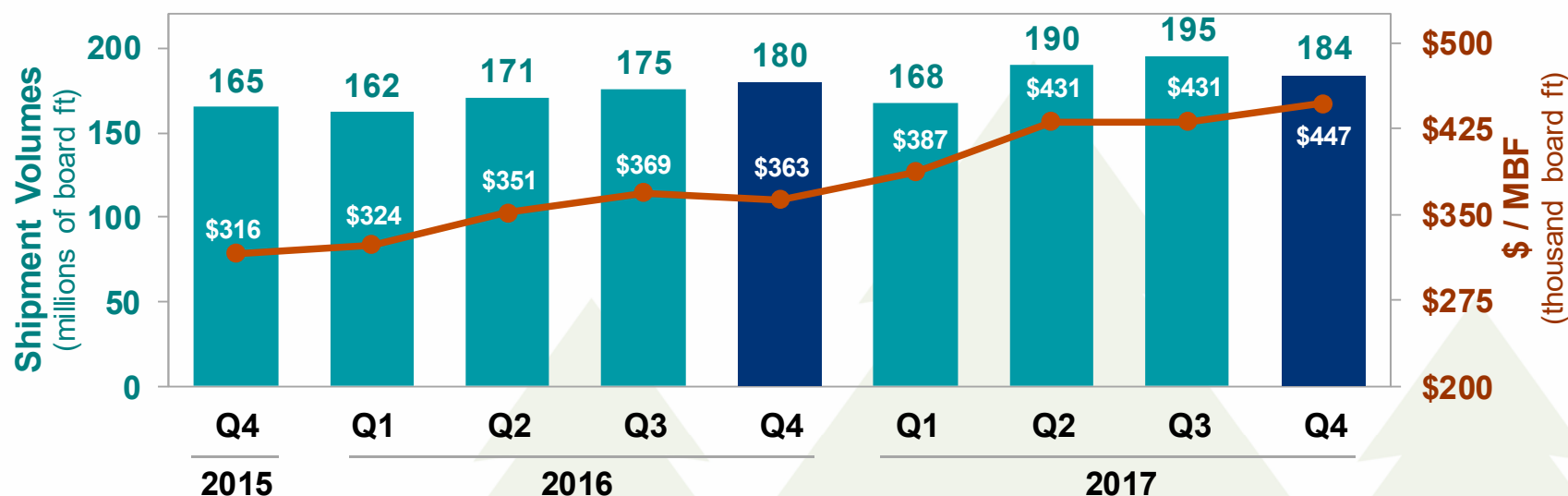
# WOOD PRODUCTS: Segment Summary

- Lumber shipments declined seasonally to 184 MBF; total shipments for the year increased almost 50 MBF
- Average lumber prices increased 4% to \$447 per MBF in Q4

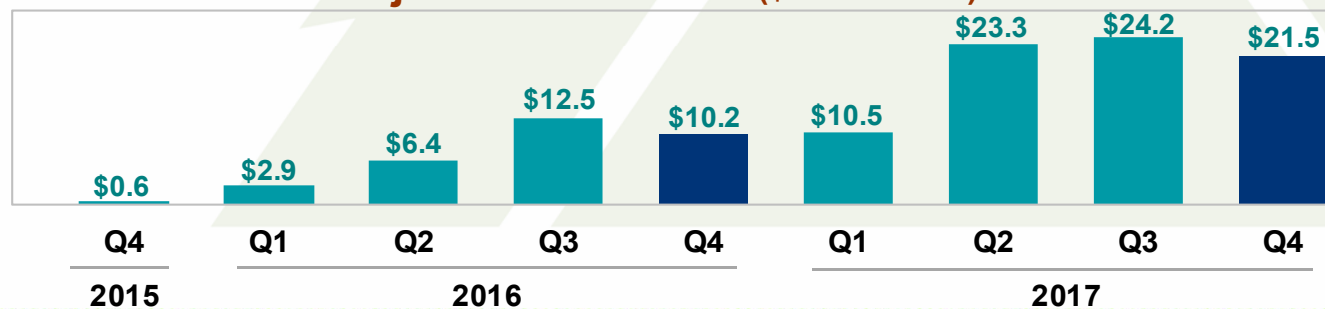


(1) Excludes gain of \$3.3 million Q2 2017, a loss of \$2.1 million Q3 2017 and a loss of \$0.1 million in Q4 2017 on lumber price swap.

# WOOD PRODUCTS: Lumber Sales Prices, Shipments and Adjusted EBITDDA



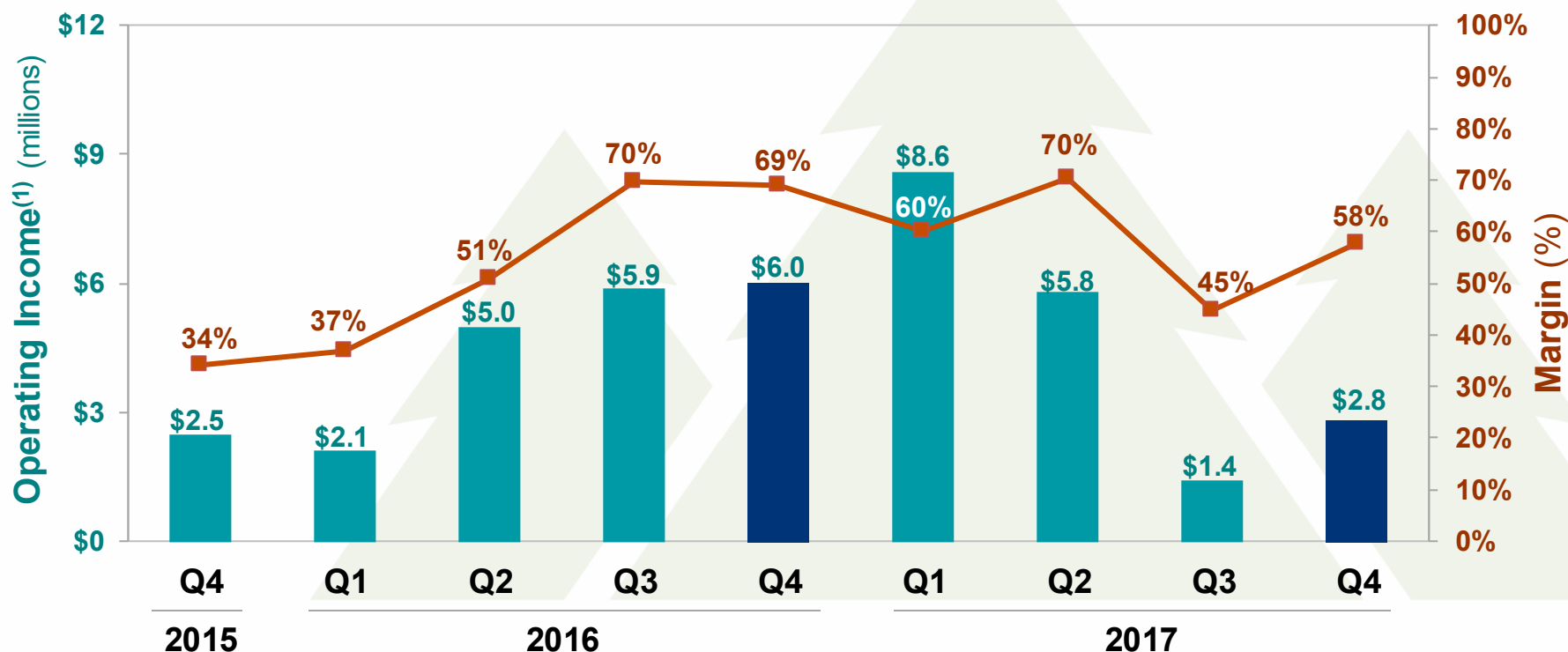
## Adjusted EBITDDA<sup>(1)</sup> (\$ in millions)



(1) Non-GAAP measure. See slide 19 for definition and reconciliation.

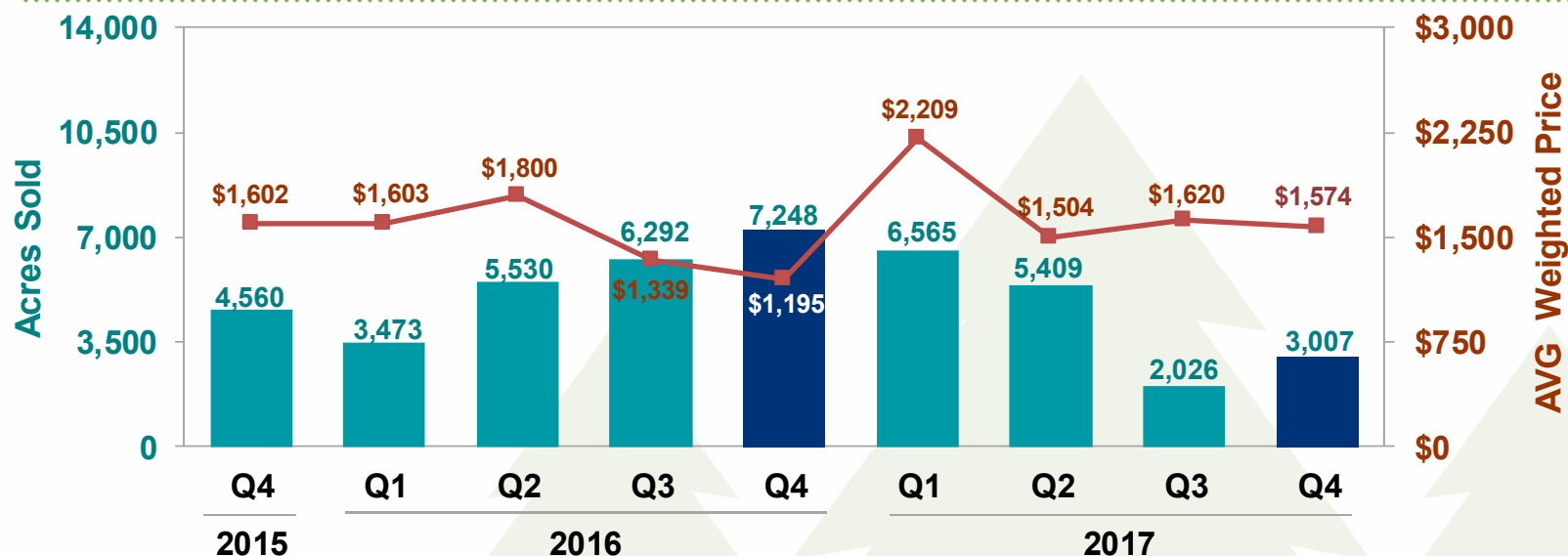
# REAL ESTATE: Segment Summary

- Operating income increased in Q4 due to the sale of more acres
- Q4 sales were more heavily weighted to recurring sales of Minnesota rural recreational real estate than Q3

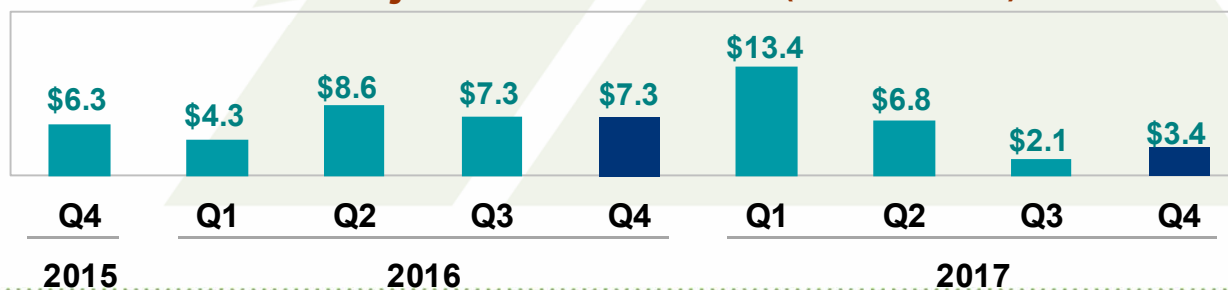


(1) Excludes loss of \$48.5 million Q2 2016 on central Idaho timberland sale.

# REAL ESTATE: Acres Sold, Average Price and Adjusted EBITDDA



## Adjusted EBITDDA<sup>(1)</sup> (\$ in millions)

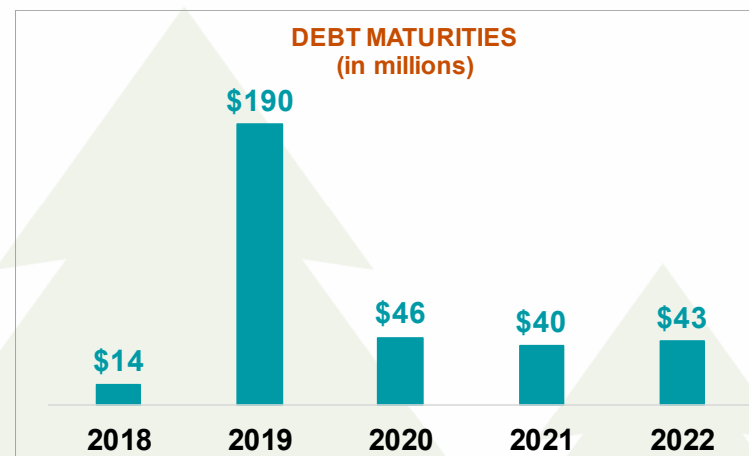


(1) Non-GAAP measure. See slide 19 for definition and reconciliation.

# FINANCIAL HIGHLIGHTS

<b>Amounts as of December 31, 2017:</b>	
Unaudited, \$ in millions	
<b>Cash and cash equivalents</b>	\$ 120.5
<b>Debt</b>	\$ 573.3
<b>Pension &amp; postretirement liability</b>	\$ 93.4
<b>Net debt to enterprise value<sup>(1)</sup></b>	17.5%
<b>Dividend yield<sup>(2)</sup></b>	3.1%

- (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 and revolving line of credit borrowings, less cash and cash equivalents. Net debt (\$452.8 million) plus market capitalization (\$2.13 billion) equals enterprise value. Market capitalization is as of January 17, 2018.
- (2) Based on the closing stock price of \$52.45 per share as of January 17, 2018.



- **No significant maturities until 2019**
- **\$249 million is available on our revolver**
- **Expect to close new \$380 million revolver February 2018**
  - Maturity: 62 months after close (2023)
  - Accordion: \$420 million

# OUTLOOK

## RESOURCE

- **Harvest a little over 4 million tons for the year**
  - Slightly more than half of annual volume in the South
  - Sawlogs  $\approx$ 90% of Northern volume and  $\approx$ 45% of Southern volume
- **Harvest 850,000 – 950,000 tons Q1**
  - Northern sawlog prices expected to be flat
  - Seasonally lower mix of hardwood and a higher percentage of pine sawlogs in weaker markets in the South: price decrease  $\approx$ 20%

## WOOD PRODUCTS

- **Expect to ship just under 180 million board feet Q1**
- **Lumber prices expected to be up modestly Q1 compared to strong Q4**

## REAL ESTATE

- **Expect to sell a bit over 20,000 acres for the year**
- **Land basis to be 25% – 30% of revenue for year**
- **Expect to sell  $\approx$ 5,000 acres Q1 at an average price of  $\approx$ \$1,500 per acre**

## OTHER

- **Corporate expected to be just under \$8 million Q1**
- **Interest expense expected to be \$5 million in Q1 and \$7 million in the remaining 2018 quarters**
- **Consolidated tax rate of 10% – 15% for Q1 and full year**





# Appendix

# STATISTICS: Resource

(unaudited)

Fee Volumes (tons)	2015	2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Northern Region</b>									
Sawlog	490,625	366,852	388,575	579,837	474,024	354,104	333,926	559,580	463,978
Pulpwood	46,449	52,361	44,497	62,138	35,418	47,785	40,054	33,742	24,821
Stumpage	790	16,207	1,061	1,261	63	10,693	-	1,434	-
Total	537,864	435,420	434,133	643,236	509,505	412,582	373,980	594,756	488,799
<b>Southern Region</b>									
Sawlog	192,930	185,051	175,498	231,677	261,151	216,097	192,391	290,362	234,378
Pulpwood	304,601	248,152	240,277	325,348	301,870	247,999	251,167	334,399	334,660
Stumpage	90,941	56,079	65,596	68,228	54,298	5,674	9,782	14,024	11,671
Total	588,472	489,282	481,371	625,253	617,319	469,770	453,340	638,785	580,709
<b>Total Fee Volume</b>	<b>1,126,336</b>	<b>924,702</b>	<b>915,504</b>	<b>1,268,489</b>	<b>1,126,824</b>	<b>882,352</b>	<b>827,320</b>	<b>1,233,541</b>	<b>1,069,508</b>
<b>Sales Price/Unit (\$ per ton)</b>									
<b>Northern Region</b>									
Sawlog	\$ 83	\$ 78	\$ 89	\$ 101	\$ 88	\$ 91	\$ 115	\$ 123	\$ 111
Pulpwood	\$ 42	\$ 42	\$ 40	\$ 42	\$ 42	\$ 41	\$ 37	\$ 38	\$ 37
Stumpage	\$ 13	\$ 13	\$ 11	\$ 12	\$ 4	\$ 13	\$ -	\$ 7	\$ -
<b>Southern Region</b>									
Sawlog	\$ 42	\$ 39	\$ 42	\$ 48	\$ 44	\$ 40	\$ 39	\$ 46	\$ 49
Pulpwood	\$ 33	\$ 32	\$ 33	\$ 31	\$ 31	\$ 31	\$ 29	\$ 30	\$ 30
Stumpage	\$ 17	\$ 18	\$ 23	\$ 33	\$ 27	\$ 14	\$ 15	\$ 14	\$ 12

# STATISTICS: Wood Products & Real Estate

(unaudited)

	2015	2016				2017			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Wood Products</b>									
Lumber Shipments (MBF)	164,965	161,992	170,829	175,358	180,050	167,559	189,781	195,296	184,031
Lumber Sales Prices (\$ per MBF)	\$ 316	\$ 324	\$ 351	\$ 369	\$ 363	\$ 387	\$ 431	\$ 431	\$ 447
<b>Real Estate<sup>(1)</sup></b>									
<b>Acres Sold</b>									
HBU Development	2,092	1,088	3,348	371	460	4,628	700	628	484
Rural Real Estate	2,038	2,281	1,489	5,708	3,433	1,740	4,523	1,207	2,523
Non-Strategic Timberlands	430	104	693	213	3,355	197	186	191	-
	4,560	3,473	5,530	6,292	7,248	6,565	5,409	2,026	3,007
<b>Revenues by Product Type (millions)</b>									
HBU Development	\$ 4.4	\$ 2.3	\$ 7.6	\$ 1.1	\$ 1.3	\$ 11.7	\$ 1.8	\$ 1.4	\$ 1.2
Rural Real Estate	2.5	3.2	1.8	7.1	3.9	2.6	6.1	1.7	3.5
Non-Strategic Timberlands	0.4	0.1	0.6	0.2	3.4	0.2	0.2	0.2	-
	\$ 7.3	\$ 5.6	\$ 10.0	\$ 8.4	\$ 8.6	\$ 14.5	\$ 8.1	\$ 3.3	\$ 4.7
<b>Sales Price per Acre</b>									
HBU Development	\$ 2,086	\$ 2,113	\$ 2,263	\$ 3,039	\$ 2,854	\$ 2,523	\$ 2,577	\$ 2,278	\$ 2,526
Rural Real Estate	\$ 1,227	\$ 1,406	\$ 1,215	\$ 1,247	\$ 1,150	\$ 1,510	\$ 1,356	\$ 1,375	\$ 1,391
Non-Strategic Timberlands	\$ 1,021	\$ 565	\$ 818	\$ 842	\$ 1,013	\$ 1,019	\$ 1,074	\$ 1,007	\$ -
<b>Transactions by Product Type</b>									
HBU Development	23	11	16	13	18	18	21	14	15
Rural Real Estate	29	20	26	23	18	9	38	22	32
Non-Strategic Timberlands	3	3	3	4	10	4	5	6	-
	55	34	45	40	46	31	64	42	47

(1) Excludes Q2 2016 central Idaho timberland sale.

# Total Company Earnings Summary

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

	2015	2016				2017				2016	2017
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YTD	YTD
<b>Operating income:</b>											
Resource	\$ 16.1	\$ 10.2	\$ 15.7	\$ 33.3	\$ 22.7	\$ 14.9	\$ 19.5	\$ 41.8	\$ 29.9	\$ 81.9	\$ 106.1
Wood Products <sup>(1)</sup>	(1.3)	1.0	4.7	10.6	8.3	8.7	24.7	19.3	19.5	24.6	72.2
Real Estate <sup>(2)</sup>	2.5	2.1	(43.5)	5.9	6.0	8.6	5.8	1.4	2.8	(29.5)	18.6
Eliminations	0.3	1.4	(0.9)	(1.9)	(1.6)	1.1	1.0	(3.1)	(1.8)	(3.0)	(2.8)
Total operating income	17.6	14.7	(24.0)	47.9	35.4	33.3	51.0	59.4	50.4	74.0	194.1
Corporate <sup>(3)</sup>	(7.8)	(9.6)	(10.3)	(8.9)	(9.7)	(9.4)	(10.2)	(15.6)	(13.4)	(38.5)	(48.6)
Interest expense, net	(8.4)	(6.0)	(8.2)	(7.8)	(6.9)	(5.0)	(7.3)	(7.4)	(7.3)	(28.9)	(27.0)
Income (loss) before taxes	1.4	(0.9)	(42.5)	31.2	18.8	18.9	33.5	36.4	29.7	6.6	118.5
Income taxes <sup>(4)</sup>	2.1	1.1	11.2	(3.6)	(4.4)	(2.0)	(9.2)	(2.7)	(18.1)	4.3	(32.0)
<b>Net income (loss)</b>	<b>\$ 3.5</b>	<b>\$ 0.2</b>	<b>\$ (31.3)</b>	<b>\$ 27.6</b>	<b>\$ 14.4</b>	<b>\$ 16.9</b>	<b>\$ 24.3</b>	<b>\$ 33.7</b>	<b>\$ 11.6</b>	<b>\$ 10.9</b>	<b>\$ 86.5</b>
<b>Diluted earnings (loss) per share</b>	<b>\$ 0.09</b>	<b>\$ -</b>	<b>\$ (0.77)</b>	<b>\$ 0.68</b>	<b>\$ 0.35</b>	<b>\$ 0.41</b>	<b>\$ 0.59</b>	<b>\$ 0.82</b>	<b>\$ 0.28</b>	<b>\$ 0.27</b>	<b>\$ 2.10</b>
<b>Distributions per share</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.375</b>	<b>\$ 0.40</b>	<b>\$ 1.50</b>	<b>\$ 1.525</b>

(1) Includes gain of \$3.3 million Q2 2017, loss of \$2.1 million Q3 2017 and loss of \$0.1 million in Q4 2017 on lumber price swap.

(2) Includes loss of \$48.5 million Q2 2016 on central Idaho timberland sale.

(3) Includes environmental charges for Avery Landing of \$0.2 million Q1 2016, \$0.8 million Q2 2016, \$5 million Q3 2017 and also includes \$3.4 million of Deltic merger related costs Q4 2017.

(4) Includes charge of \$10.7 million Q4 2017 related to tax legislation.

# NON-GAAP RECONCILIATION:

## Operating Segment Adjusted EBITDDA

(unaudited, \$ in millions)

	2015					2016				2017				2016	2017
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YTD	YTD
<b>Northern Resource</b>															
Operating Income	\$ 11.7	\$ 8.6	\$ 12.3	\$ 26.9	\$ 17.0	\$ 13.4	\$ 17.8	\$ 36.8	\$ 25.9	\$ 13.4	\$ 17.8	\$ 36.8	\$ 25.9	\$ 64.8	\$ 93.9
Depreciation, depletion and amortization	3.9	3.0	2.0	2.5	2.3	1.8	1.7	2.2	2.2	1.8	1.7	2.2	2.2	9.8	7.9
<b>Northern Resource Adjusted EBITDDA</b>	<b>15.6</b>	<b>11.6</b>	<b>14.3</b>	<b>29.4</b>	<b>19.3</b>	<b>15.2</b>	<b>19.5</b>	<b>39.0</b>	<b>28.1</b>	<b>15.2</b>	<b>19.5</b>	<b>39.0</b>	<b>28.1</b>	<b>74.6</b>	<b>101.8</b>
<b>Southern Resource</b>															
Operating Income	4.4	1.6	3.4	6.4	5.7	1.5	1.7	5.0	4.0	1.5	1.7	5.0	4.0	17.1	12.2
Depreciation, depletion and amortization	3.6	3.1	3.4	3.9	3.9	2.6	2.6	4.0	3.4	2.6	2.6	4.0	3.4	14.3	12.6
<b>Southern Resource Adjusted EBITDDA</b>	<b>8.0</b>	<b>4.7</b>	<b>6.8</b>	<b>10.3</b>	<b>9.6</b>	<b>4.1</b>	<b>4.3</b>	<b>9.0</b>	<b>7.4</b>	<b>4.1</b>	<b>4.3</b>	<b>9.0</b>	<b>7.4</b>	<b>31.4</b>	<b>24.8</b>
<b>Resource Adjusted EBITDDA</b>	<b>\$ 23.6</b>	<b>\$ 16.3</b>	<b>\$ 21.1</b>	<b>\$ 39.7</b>	<b>\$ 28.9</b>	<b>\$ 19.3</b>	<b>\$ 23.8</b>	<b>\$ 48.0</b>	<b>\$ 35.5</b>	<b>\$ 19.3</b>	<b>\$ 23.8</b>	<b>\$ 48.0</b>	<b>\$ 35.5</b>	<b>\$ 106.0</b>	<b>\$ 126.6</b>
<b>Wood Products</b>															
Operating income	\$ (1.3)	\$ 1.0	\$ 4.7	\$ 10.6	\$ 8.3	\$ 8.7	\$ 24.7	\$ 19.3	\$ 19.5	\$ 8.7	\$ 24.7	\$ 19.3	\$ 19.5	\$ 24.6	\$ 72.2
Depreciation, amortization, & eliminations	1.9	1.9	1.7	1.9	1.9	1.8	1.9	1.8	1.8	1.8	1.9	1.8	1.8	7.4	7.3
Lumber price swap settlements <sup>(1)</sup>	-	-	-	-	-	-	-	1.0	0.1	-	-	1.0	0.1	-	1.1
Change in unrealized loss (gain) on lumber price swap <sup>(1)</sup>	-	-	-	-	-	-	(3.3)	2.1	0.1	-	(3.3)	2.1	0.1	-	(1.1)
<b>Wood Products Adjusted EBITDDA</b>	<b>\$ 0.6</b>	<b>\$ 2.9</b>	<b>\$ 6.4</b>	<b>\$ 12.5</b>	<b>\$ 10.2</b>	<b>\$ 10.5</b>	<b>\$ 23.3</b>	<b>\$ 24.2</b>	<b>\$ 21.5</b>	<b>\$ 10.5</b>	<b>\$ 23.3</b>	<b>\$ 24.2</b>	<b>\$ 21.5</b>	<b>\$ 32.0</b>	<b>\$ 79.5</b>
<b>Real Estate</b>															
Operating Income (loss)	\$ 2.5	\$ 2.1	\$ (43.5)	\$ 5.9	\$ 6.0	\$ 8.6	\$ 5.8	\$ 1.4	\$ 2.8	\$ 8.6	\$ 5.8	\$ 1.4	\$ 2.8	\$ (29.5)	\$ 18.6
Basis of land and depreciation	3.8	2.2	3.6	1.4	1.3	4.8	1.0	0.7	0.6	4.8	1.0	0.7	0.6	8.5	7.1
Sale of central Idaho timber and timberlands	-	-	48.5	-	-	-	-	-	-	-	-	-	-	48.5	-
<b>Real Estate Adjusted EBITDDA</b>	<b>\$ 6.3</b>	<b>\$ 4.3</b>	<b>\$ 8.6</b>	<b>\$ 7.3</b>	<b>\$ 7.3</b>	<b>\$ 13.4</b>	<b>\$ 6.8</b>	<b>\$ 2.1</b>	<b>\$ 3.4</b>	<b>\$ 13.4</b>	<b>\$ 6.8</b>	<b>\$ 2.1</b>	<b>\$ 3.4</b>	<b>\$ 27.5</b>	<b>\$ 25.7</b>
<b>Corporate</b>															
Corporate expense	\$ (7.8)	\$ (9.6)	\$ (10.3)	\$ (8.9)	\$ (9.7)	\$ (9.4)	\$ (10.2)	\$ (15.8)	\$ (13.2)	\$ (9.4)	\$ (10.2)	\$ (15.8)	\$ (13.2)	\$ (38.5)	\$ (48.6)
Depreciation and eliminations	-	-	0.2	0.1	-	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.3	0.6
Deltic merger-related costs	-	-	-	-	-	-	-	-	3.4	-	-	-	3.4	-	3.4
Environmental charges for Avery Landing	-	0.2	0.8	-	-	-	-	5.0	-	-	-	5.0	-	1.0	5.0
<b>Corporate Adjusted EBITDDA</b>	<b>\$ (7.8)</b>	<b>\$ (9.4)</b>	<b>\$ (9.3)</b>	<b>\$ (8.8)</b>	<b>\$ (9.7)</b>	<b>\$ (9.3)</b>	<b>\$ (10.1)</b>	<b>\$ (10.6)</b>	<b>\$ (9.6)</b>	<b>\$ (9.3)</b>	<b>\$ (10.1)</b>	<b>\$ (10.6)</b>	<b>\$ (9.6)</b>	<b>\$ (37.2)</b>	<b>\$ (39.6)</b>

Adjusted 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, eliminations and special items. Management uses this non-GAAP measure to evaluate the performance of the Company. We believe that this non-GAAP measure, when read in conjunction with our GAAP financials, provides useful information to investors by facilitating the comparability of our ongoing operating results over the periods presented, the ability to identify trends in our underlying business and the comparison of our operating results against analyst financial models and operating results of other public companies that supplement their GAAP results with non-GAAP financial measures.

(1) Lumber price swap adjusted to exclude the change in unrealized (gain) loss and include cash settlements during the period.